

NEWS SUMMARY

GENERAL

Kidnap man dead — IRA

The Provisional IRA said they had "executed" RUC Constable William Turbitt, who was kidnapped on Saturday, but gave no information where the body was. Father Hugh Murphy, freed after being seized in retaliation for the policeman's abduction, said he was heartbroken at the news.

Mrs. Margaret Thatcher, who is expected to work at improving relations between the Conservative Party and the Ulster Unionists while in Northern Ireland, was accused by Mr. John Pardo, Liberal economic spokesman, of making "the most despicable visit by a British politician since Chamberlain's last trip to Munich." She visited James Mackie, the Belfast textile engineer, one of the first companies put on the Government's blacklist for exceeding pay guidelines. Page 11

£m gems haul

A six-man gang escaped with an estimated £250,000 worth of cut and uncut diamonds from a jeweller's shop in an arcade beside the Savoy Hotel, London. The raiders, who brandished a sawn-off shot gun and an axe, left trays of made-up jewellery after ransacking the safe.

Belgian pact

Belgium's five-day Government crisis ended when the four parties in the ruling coalition negotiated a compromise on cuts in public spending and moves toward regional autonomy. King Baudouin formally rejected Prime Minister Leo Tindemans' offer to resign. Page 2

Captain's claim

The master of the Amoco Cadiz told an inquiry in London that just before the vessel's steering gear failed he changed course towards the French coast to avoid a collision with another tanker heading towards him. Back Page

Threat to tennis

Wimbledon tennis broadcasting next week may be threatened if Post Office engineers refuse to lay power lines in support of a claim for a five-day cut in the working week. TV technicians may support the engineers. News Analysis, Page 8

524-day ordeal

An Italian film producer, who was kidnapped in Milan, chained to a bed and kept alive on cold timed food for 524 days, was freed in Gela, Sicily, after his family was believed to have paid a £3.3m ransom.

Ali at Kremlin

Soviet President Leonid Brezhnev welcomed Muhammad Ali, the former world heavyweight champion, to the Kremlin with a kiss on both cheeks.

Briefly...

Hotel dishwasher from Italy was jailed for two years at Knightsbridge Crown Court for slashing a woman's face with a knife. Prosecution painting in the National Gallery, causing damage which halved its value.

Princess Caroline of Monaco is to be given two Siberian tiger cubs as a wedding present from a West German circus owner.

Sir Dingle Foot, the civil rights lawyer and former Labour Solicitor-General, has died in Hong Kong. Obituary, Page 11

Earth tremor shook Salonic, Greece. One person died of shock and several were injured.

West German diplomat was wounded by a crossfire in an East Berlin gun battle between police and an armed fugitive.

Shamese twin girls, born in Ontario, Portugal, nine days ago and joined at the stomach and thorax, have died.

Libel action brought against Times Newspapers by Mr. Robert Maxwell, the former Labour MP, is to begin early next year and is expected to last six months.

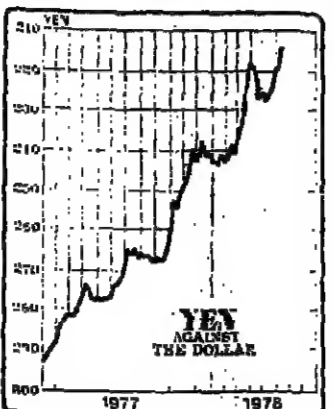
CHIEF PRICE CHANGES YESTERDAY

RISES:	
ATV A	114 + 4
HK Land	173 + 8
Jardine Matheson	288 + 10
Jardine Secs	141 1/2 + 1/2
Leslie & Godwin	104 + 3
Mathews (B.)	149 + 10
Mitbry	113 + 5
Norwest Holst	93 + 5
Pilkington	148 1/2 + 1/2
Swire Pacific	53 1/2 + 1/2
Swire Prop.	71 + 3
Wheelock Marden	38 + 6
Highlands	116 + 6
London Sumatra	165 + 1
Burmora Tea	124 + 12
Norwester Tea	245 + 8
Anglo-American	236 + 8
Union Corp.	270 - 6

BUSINESS

Record high for Yen; Gilts dip

Yen reached a further post-war high against the dollar, and it closed at a record ¥213.40. STERLING closed 40 points



better at \$1.8350 and its trade weighted index remained unchanged at 61.3. The dollar came under pressure and its depreciation widened to 6.1 per cent (5.9).

● **EQUITY** leaders drifted on scattered selling, and the FT ordinary share index closed 3.6 down at 467.0.

● **GILTS** were still affected by the two large tap issues and losses were recorded at the longer end. The Government Securities index closed 0.50 to 69.94.

● **GOLD** closed \$1 up at \$189 1/2 in London and in New York the June Comex price closed 90 points up at \$186.00.

● **WALL STREET** closed up 1.65 at 335.62.

● **NATIONAL WESTMINSTER** Bank is to raise the charges on running accounts to personal customers, following a similar move by Lloyds Bank. Page 8

● **JAPAN'S** visible trade surplus in May was reduced by nearly \$1bn. The Finance Ministry has announced a reduction of the trade surplus, which Japan regards as its biggest international responsibility, may lead to emergency uranium imports and oil stock-piling, the Japanese Prime Minister has said. Back Page

● **UNIT TRUST** sales, though still buoyant, fell from the £70.3m recorded in April to £52.2m last month, bringing overall sales for the first five months to £244m (£141m). Page 6

● **LOCAL AUTHORITIES** have been allocated £100m by the Government for land acquisition over the next two years, in an attempt to stimulate the Community Land Scheme. Page 6

● **HEALTH SERVICE** employees showed their dissatisfaction over pay when the 211,000 strong Confederation of Health Service employees called for a minimum £80 a week wage. Page 5

● **NATIONAL GRAPHICAL ASSOCIATION** general secretary has emphasised the fierce opposition of some union leaders to any form of incomes policy after Phase Three expires. Page 8

● **COURTAULDS** auditors, Price Waterhouse, have said that the company's taxable profit for 1977-78 was overstated by £2m because of the group's failure to apply the relevant accounting standards in regard to regional development grants. Page 21

● **PETROV** Holdings pre-tax profit rose 13 per cent to a record £3.14m for the year ended March 31, on turnover 30 per cent ahead at £21.28m. Page 21

● **REDUCTION** in the amount of information companies have to give the Prices Commission is expected to be made by the Government when the present Price Code expires this summer. Back Page

Average earnings accelerate as economy expands

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The rate of increase in average earnings accelerated in recent months, so the rise in pay during the current round to July may be slightly higher than recent more optimistic Government projections.

The increase is attributed partly to the upturn in the economy. This is suggested by yesterday's figures from the Department of Employment, showing a 3.6 per cent rise in the index of average earnings in April for a cumulative increase of 13.9 per cent seasonally adjusted in the first nine months of the Phase Three pay policy.

This is equivalent to an annual rate of 18.5 per cent and contrasts with recent unofficially-estimated figures of 13.9 per cent which the outcome might be around 14 per cent for the full 12 months.

The result is that real earnings are now rising very sharply after adjusting for the slowdown in price inflation.

There was an unusual unanimity yesterday in both industry and in Whitehall that the significance of the figures should not be exaggerated.

Sir John Methven, director-general of the Confederation of British Industry, said that "too much should not be read into one month's figure, which has been artificially boosted by back payments. It also reflects increased overtime working as the economy picks up."

Nevertheless, pay increases are continuing at too high a level and this reinforces the need for continued moderation if British goods are to be competitive in world markets and if British workers are not to price themselves out of jobs.

Sir John will be part of a delegation of Confederation leaders seeing Mr. Denis Healey, the Chancellor, later today to discuss future pay policy.

The index may exaggerate the underlying rate of growth of pay because it covers mainly production industries and only part of the service sector. Productivity agreements and rising overtime associated with the expansion of the economy have mostly affected production rather than service industries.

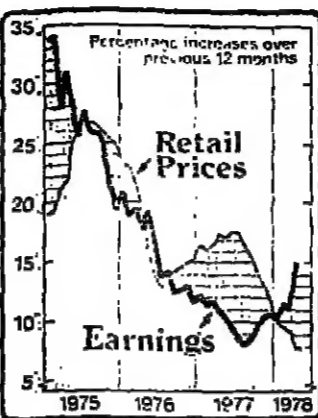
The Department of Employment also publishes a new index covering the whole economy but it has not been going long enough to be seasonally adjusted and so is not a reliable indicator of short-term trends. However, the underlying rate of increase in this index does appear somewhat slower than for the other and narrower index.

This index rose by 9.4 per cent in the first nine months of the pay policy and officials are hopeful that the increase over the full year will be no more than their recent projection of 14 per cent.

There is considerable ambiguity here since officials have never made it clear whether the original 10 per cent guideline or their recent 14 per cent projection referred to the new or the old index.

Behind this statistical confusion, the deepest conclusion is that while the basic structure of the formal pay policy is more or less intact, there are clear signs of erosion.

Continued on Back Page



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Continued on Back Page

OPEC experts to study depreciation of dollar

BY RICHARD JOHNS

GENEVA, June 19.

OIL PRODUCERS ended their conference here today inconclusively by referring the depreciation of the dollar to a "high level committee of experts" chaired by Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil.

Saudi Arabia resisted strong pressures from other members of the Organisation of Petroleum Exporting Countries to concede the principle that producers should receive immediate compensation in the second half of 1978 for the dollar's decline by putting up oil prices.

The decision to set up the committee was reached with surprising speed this morning after Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, had conferred with Crown Prince Fahd, Saudi Arabia's first deputy Prime Minister and chief decision-maker, who arrived yesterday evening on his way to visit West Germany. He is believed to have refused to make any compromise.

Sheikh Yamani said other members had agreed to delay action only after "painful argument." In the frankest statement yet on the subject by a Saudi leader he acknowledged the country's concern with preserving the value of foreign assets worth an estimated \$70-\$80bn, mostly in dollar financial instruments. "We have a heavy investment in the dollar. We do not want to do anything to harm it."

Explaining that consumers should be prepared for an oil shortage in the mid-1980s, he proposed gradual price increases and predicted "a small dose if any" next January.

Sheikh Yamani took issue with Algeria and Libya although he did not name them who claim the market can support a significant rise now. He added that Saudi Arabia had received "strong indications" that those OPEC members selling light crude in competition with North Sea oil were giving discounts below official prices.

An OPEC communiqué announcing the establishment of the new entity expressed "deep concern" about the fluctuation in international exchange rates.

It is understood that the committee of top economists from member states will meet in London on July 10 to start preparing recommendations for submission to the next ordinary conference in Abu Dhabi, scheduled for December 18.

Most members regard some rise in the basic price to be inevitable at that meeting. However, Sheikh Ali Khalifa's OPEC President, is empowered to call an extraordinary conference earlier if he believes it necessary.

His committee will be concerned solely with currency fluctuation and does not intend to deal with erosion of producers' purchasing power through inflation.

At the lowest level, the new committee might be seen as a face-saving device for members who were openly committed to obtaining an increase now and a method of buying time for the moderates.

Further cut in pay rises rate urged

BY MICHAEL BLANDEN

A FURTHER cut in the rate of wage increases is needed to press home the success achieved in bringing down the rate of inflation, says the Bank of England in the latest issue of its quarterly Bulletin.

For the rest of this year, inflation could be kept at around 8 per cent on a year-to-year comparison.

The rise in prices next year could be well below 8 per cent, but only "if the rise in earnings also were below this 8 per cent figure."

The Bank's assessment implies that wage rises in the next round would therefore have to be kept at around 3 to 6 per cent to hold down inflation.

The Bulletin concentrates on the importance of inflation, echoing points made by Mr. Gordon Richardson, the Governor of the Bank, in his Bernese speech last week.

Financial confidence needed to be maintained following the recent sharp swings associated with the changing mood in the markets.

Maintaining competitiveness of British industry should be achieved "not by further depreciation of the exchange rate, but by keeping cost increases very moderate."

A new acceleration in wage inflation was not impossible, but neither was it inevitable.

"There is need now for a very general and widespread understanding of the importance of reducing the rate of inflation further, and of what is required to do this, rather than allowing it to creep up again."

The progress already made had brought the UK inflation rate almost into line with the average among competitors.

"However, this is clearly only a relative success, and other countries are now likely to give renewed priority to containing inflation."

The increase in earnings this year was still quite large. "There seems need of much greater awareness that nothing like this year's increase can safely be repeated, and that a very marked and distinct fall in the rate of increase in wages is needed if the success of efforts so far is to be pressed home."

Efforts to keep down inflation, and maintain confidence should be supported by continued

Continued on Back Page

£ in New York

	June 19	Previous
1 month	\$1.847-284	\$1.838-856
3 months	0.24-0.25	0.24-0.25
12 months	0.30-0.31	0.28-0.29

Think Tank to probe new electronics

BY MAX WILKINSON

THE GOVERNMENT'S Think Tank—the Central Policy Review Staff—is to investigate the ways in which micro-electronics will change industry and society in the 1980s.

The investigation, to be carried out on the Prime Minister's direct orders, follows confirmation from the Government that the National Enterprise Board intends to spend £50m to set up a major semi-conductor company in the UK.

The Think Tank's study will run in parallel with that of a working party of the Advisory Council for Applied Research and Development under Sir James Menter.

The Bulletin's committee is looking at the social and other consequences of new technologies. The National Economic Development Office is also carrying out work on the subject.

The Government's sudden interest in micro-electronics stems from the realisation that a very large investment indeed will be necessary if the UK is to catch up with Japan and the U.S. in the production of standard semi-conductors including computer memories and micro-processors.

Partly because of trade union pressure, the Government has also become aware that the new micro-electronics will promote a huge increase in industrial automation, possibly at the expense of jobs.

In the last 15 years the number of interconnected transistors, which are etched on to the surface of a single chip of silicon, has risen to 100,000. A complete computer can now be contained on a chip measuring less than an inch square, at low cost.

Micro-processors of this sort increasingly will take over many repetitive tasks in offices and factories. They can be programmed to carry out most of the routines which at present require machine operators.

A statement from Downing Street yesterday said: "The Review Staff will be responsible for ensuring that all Government departments are aware of the nature of the problems."

The Enterprise Board's effort to break into the market for standard mass-produced circuits is likely to be rivalled by a joint venture between the General Electric Company and Fairchild, the U.S. semiconductor company. Discussions between the two companies have reached an advanced stage, although no formal agreement has been reached.

In contrast, the Enterprise Board is not intending to link with a U.S. manufacturer, but rely on the expertise of a group of technologists, employed away from rival companies.

The Board's plan, have been made independently of a Department of Industry scheme to give aid of £50m to £80m to the company already making semi-conductors in the U.K., including the multi-national.

The Government and companies such as GEC are anxious because as integrated circuits move towards the goal of 1m components per chip, the semiconductor manufacturers may start selling complete electronic systems—from computers to telecommunications equipment.

However, Dr. Melvin Larkin, manager of the U.S. company Motorola, semi-conductor subsidiary in the UK, warned yesterday that plans for new plants in Britain could be hindered by an acute shortage of middle and senior grade engineers in this increasingly will take over many country.

MPs to see Healey

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY, the regularly sensitive time for the Chancellor of the Exchequer, is likely to face critical questioning on the Government's proposal to increase the employers' National Insurance surcharge when he makes an almost unprecedented appearance this morning before an all-party committee of MPs.

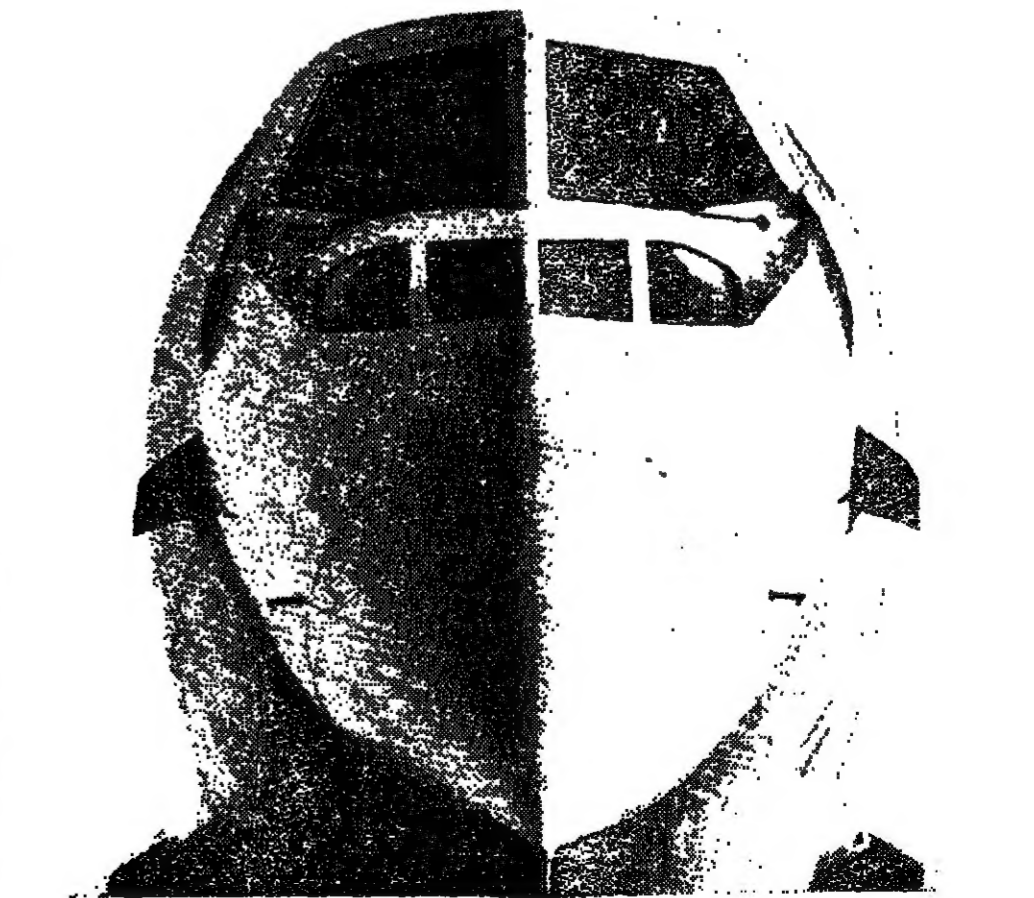
The social services and employment sub-committee of the Commons Expenditure Committee has been undertaking an inquiry into the labour market and unemployment trends.

The sub-committee requested a meeting with Mr. Healey after a session last week attended by senior civil servants where the rise in the National Insurance surcharge was the main topic.

The hearing comes at a particularly sensitive time for the Government in view of the known Liberal desire to reduce the rise in the surcharge from 2 to 11 percentage points.

Although other Cabinet Ministers appear frequently before Commons Select Committees, visits from the Chancellor, visits from the Chancellor, are very rare. Mr. Healey's appearance is seen as underlining the Government's determination to maintain the campaign for the National Insurance proposal.

The Chancellor is also likely to be questioned on the unemployment prospects since the figures for mid-June are due to be announced by the Department of Employment at noon today.



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EUROPEAN NEWS

Parties to begin talks on Leone's successor

BY DOMINICK J. COYLE

ROME, June 19. OVER 1,000 deputies, senators and regional government representatives meet in special joint session of the Italian Parliament in 10 days' time to elect a new President of the republic. Since Sig. Giovanni Leone's dramatic resignation last week the parties have not agreed on a candidate, but the position is expected to clarify soon.

Tomorrow Christian Democrat leaders meet. They will be looking for a candidate who can secure Communist Party backing. This will be followed by a long arranged meeting of the leaders of the parties supporting Sig. Giulio Andreotti's minority Christian Democrat Government, including Sig. Enrico Berlinguer, the Communist leader, which offers an opportunity for a political deal.

Suspensions over the weekend that a tentative deal had already been done forced Sig. Berlinguer to issue a public denial, but the possibility of an agreement being reached privately before the first Presidential ballot on June 29 should not be ruled out. Without a deal a successful outcome of the first round would be almost impossible, for the inconclusive general election two years ago gave the Communists a virtual veto on the candidate.

Daly's unique Christian Democrat-Communist alliance will be on trial in the Presidential contest. Sig. Andreotti's Gov-proved showing in recent local



Christian Democrat Presidential candidates: Amintore Fanfani (left) and Benigno Zaccagnini.

elections. Craxi's 88 deputies and senators, and his share of the regional representatives, could be decisive in the special parliamentary session. As members of the governing majority, the Socialists could by withdrawal from the alliance, leave the Andreotti administration a more simple Catholic/Communist coalition than it

The Turin court refused to consider its verdict yesterday in the trial of 46 alleged Red Brigades urban guerrillas, which has become one of the toughest tests of Italian jus-

crats fail to win Communist backing and instead try to put their candidate in office with the backing of the smaller parties in a simple majority vote.

The largest of these smaller factions is the increasingly independent Socialist Party. The party's new Secretary-General, Sig. Bettino Craxi, now controls most of its warring factions, and on trial in the Presidential has been boosted by its im-

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Bundesbank warning on dangers of reflation

By Adrian Dicks

BONN, June 19.

A FRESH warning of the limited scope available to the West German Government for fresh stimulatory measures came from the Bundesbank today.

In its monthly report for June, the West German central bank reproaches those abroad who are urging such measures on Bonn with failing to understand "how closely the limits of deficit spending are being pressed."

The Bundesbank's argument is similar to that made by Chancellor Helmut Schmidt in an interview with *Business Week*, and echoes his concern that any attempt to further increase public borrowing might force interest rates up.

This, in turn, could reverse the outflow of speculative funds from Germany which the present transatlantic interest rate differential has helped bring about, after the foreign exchange market turbulence of the early spring.

This year, predicts the Bundesbank, markets will be asked to fund deficits totalling some DM 60bn, DM 20bn more than in 1977. In consequence of the stimulatory packages enacted last year, however, it also foresees increased demand for credit from the private sector, and in particular from the property and construction industries.

Defending the refusal of the Bonn government of foreign advice to take fresh steps to stimulate demand, the Bundesbank points out that "further public investment programmes would presumably be mainly concerned with additional construction projects."

"Yet the ability of the construction industry to cope with current demand appears to be largely taken up."

The Bundesbank concedes that there has been little difficulty in funding public deficits while interest rates have been low, but points to recent signs of a rise in longer term rates and warns that this should be borne in mind if any further expansion in the federal deficit is contemplated.

The bank attributes the low first quarter increase in gross national product of 1.3 per cent at an annual rate, to bad weather and industrial unrest, rather than to factors which would suggest a new stimulus was needed.

OVERSEAS NEWS

INDONESIA'S AGEING REGIME

Struggle for harmony

BY DAVID HOUSEGO, RECENTLY IN JAKARTA

THE DECLINING DAYS of a strength largely because of the drought in Java last year which left some close to starvation. The well publicised campaign under Admiral Sudono, the head of the security force Kopkamtib, to root out corruption also indicates an awareness of how sensitive public opinion is on this issue. The tactic towards the students and the Muslim groups is to try to isolate the "extremists" while re-educating the others through state run youth councils and Muslim organisations to their responsibilities to the nation—an exercise referred to as "regeneration."

A telling pointer to the urgency attached to reconciling differences is the resurrection of the Sukarno myth as a symbol of national unity. After attempting for years virtually to erase his memory, the Government is now having his grave elaborately restored and is considering investing him with the pious title of "The Great Proclamation" for leading the country to independence.

As yet none of this carries much credibility or seems much more than an expedient way of covering up a return to a more repressive regime. Economists in the next two or three critical years of any significant redistribution of wealth or improvement of living standards. The campaign against corruption is hampered by the glaring exception of the President's family and the political difficulty in buttonholing senior officials. "Corruption is like a devil," says General Ali Murtopo, the Minister of Information, who believes that the scale of it has been grossly exaggerated. "Everybody talks about it but nobody can catch it."

The policy towards the students and the Muslim groups reflects the confusion of both wanting to accommodate them in the interests of a national consensus and of feeling they are a threat. In addition the Government has the problem over the next two years of settling nearly 30,000 alleged Communists interned since 1965 and of holding down a variety of regional groups pressing for autonomy.

The chances are that President Suharto is going to be faced with another bout of unrest in the not too distant future. On how he handles it will depend whether he survives his full five-year term. The army has no wish to have what it sees as its mission to interpret the national consensus damaged by a leader who is popularly regarded as a liability. On the other hand it is at a loss to find a successor. In the vines of the Government are a possible compromise figure Adam Malik, newly elected

election. They have gained in

power is that the onus is now on President Suharto to produce results. He is doing many of the things for which his critics have pressed. In reshaping his Cabinet he has shown signs of a willingness to share power with the military. The philosophy behind the new five-year plan, Pelita 111, is "equity with growth"—a popular shorthand in Indonesia for saying that the pribumi or indigenous Indonesians can expect the government to favour them at the expense of the Chinese. The President is making the right promises about more jobs, a shift of emphasis towards the rural areas and small industries, and increased output after the shock of the vice-president.

output after the shock of the vice-president.

Holland decides against ordering Nimrods

BY CHARLES BATCHELOR

AMSTERDAM, June 19.

HOLLAND has dropped the British Nimrod from its shortlist of possible replacements for its obsolescent fleet of marine reconnaissance Neptunes. The Defence Ministry is continuing studies of the French Breguet Atlantique and the U.S. Orion, with the French aircraft apparently the stronger contender.

British Aerospace's Nimrod was dropped on the grounds of purchase and operating costs, a

Defence Ministry spokesman said. The Nimrods were expected to cost around £1,730m (£83m) each compared with £1,400m for the Orion and £1,640m for the Atlantique.

British Aerospace called a Press conference in the Hague last month to deny figures published earlier by the Defence Ministry showing Nimrod would cost £1,880m, but the British aircraft was still more expensive than either of the other two. The Cabinet now expects

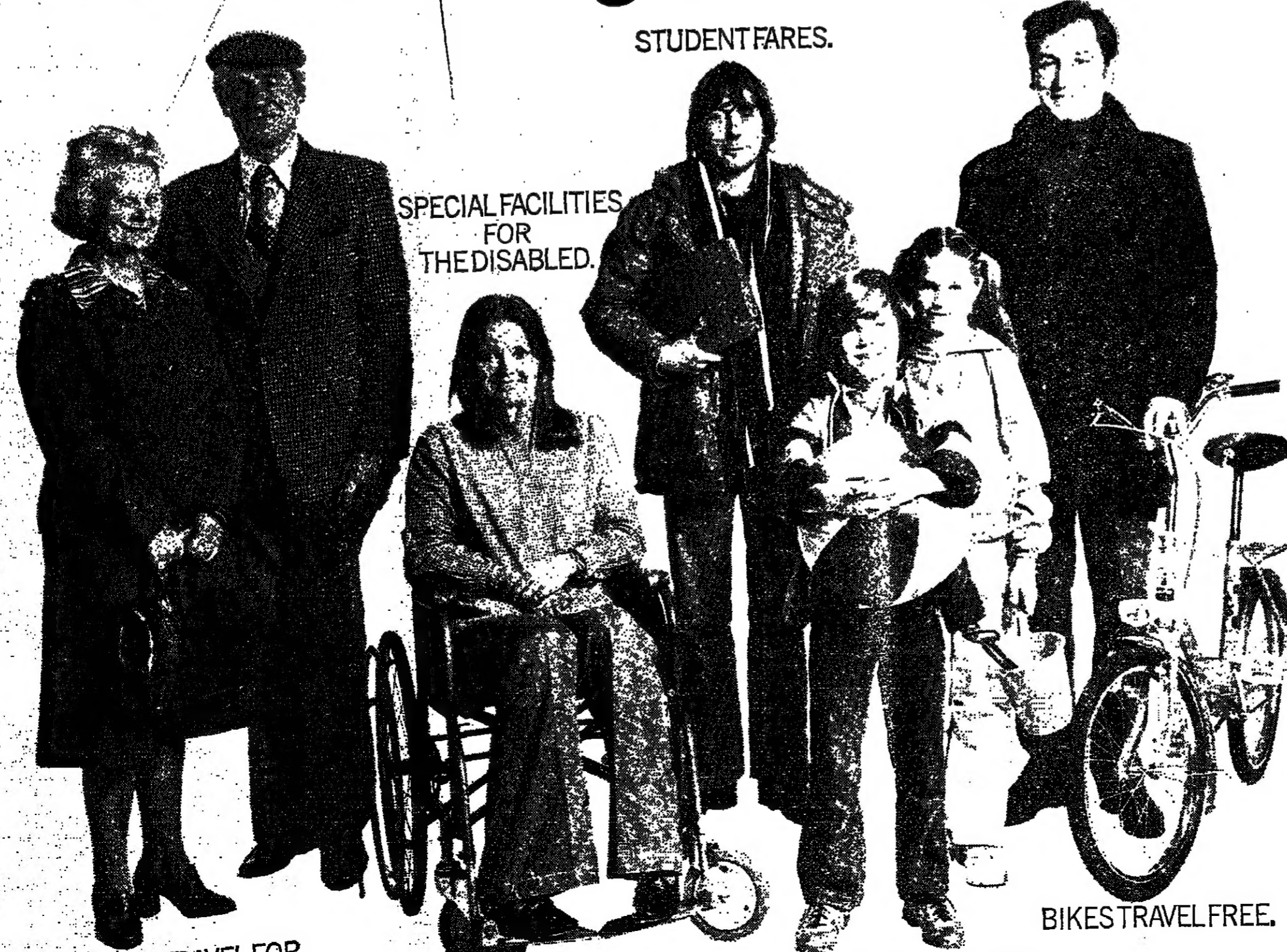
to decide finally on the Neptune's successor some time this year though it is unlikely a decision will be taken in the next few weeks as was earlier hoped. According to some

political sources, it was thought wiser to postpone a decision on such a major programme at a time when spending cuts were being considered and following the increase defence spending in line with Nato targets. The Defence Ministry is still

weighing the merits of the two remaining aircraft but a large body of Dutch industry which might gain compensation orders is in favour of the Atlantique.

The French have asked the Dutch aircraft maker Fokker-VFW to make an offer to deliver 12 F-27 aircraft for use by the French navy as trainers and has also expressed an interest in Fokker's F-28 jet passenger liner. The prospects for these orders are improved if Holland orders the Atlantique.

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WORLD TRADE NEWS

China may get Japan technology

BY CHARLES SMITH

NEGOTIATIONS between China and Japan on the supply of a colour television tube plant have been complicated by Chinese insistence that the plant should be part of a package which would also include an integrated circuit plant. The problem created by this is that integrated circuit plants are included in the Cocom list of strategically sensitive items which are not normally exportable to Communist countries.

China appears to be taking the line that it will not buy a TV tube plant from Japan unless an IC plant is supplied as well. It is believed to be demanding a highly sophisticated plant, not a medium-level plant of lesser strategic sensitivity. The Chinese have been in negotiation with two Japanese companies as suppliers of one or both of the plants—Hitachi (which had a team of executives in Peking last week) and Toshiba. Matsushita Electric, earlier regarded as a potential supplier of the TV tube plant, has apparently dropped out of the running.

Rumours that the Japanese Government had "tipped off" either Hitachi or Toshiba that Cocom approval for an IC plant export would be forthcoming were denied here by the companies concerned. It is felt that China must first nominate the company with which it plans to

place a contract, after which approval will be sought for the delivery of the plant. China is understood to be pressing the potential suppliers hard on pricing terms, possibly using the prospect of additional heavy electrical contracts as a lever. Hitachi and Toshiba are

JAPANESE MANUFACTURERS of pillow block-mounted unit bearings used widely in agricultural equipment and conveyor systems have given the Common Market Commission an undertaking that they will raise prices by between 10 and 15 per cent, writes Kenneth Gooding.

As a result, allegations of dumping brought against the Japanese by the European Commission have been dropped.

believed to be interested in the chance of supplying heavy-duty generating equipment for the projected Chinese steel complex near Shanghai. With this in view, the two companies are said to be negotiating "flexibly" on the tube and IC plants. Matsushita, originally a competitor for the tube plant, is not a manufacturer of heavy electrical generators and therefore may have lacked one of the motives possessed by

Hitachi and Toshiba for reacting "flexibly" to Chinese demands regarding the tube plant. The potential value of the tube plant is estimated by one of the companies concerned at "rather less" than ¥200m (a downwarding from the earlier estimate of around ¥300m). The integrated

The EEC manufacturers claimed they had evidence which suggested that in some cases there was a 30 per cent difference in the prices the Japanese were charging in their home and export markets.

The undertaking now given by the Japanese industry will not have the same effect throughout the Common Market because individual exporters have given varying assurances about the way their prices will change.

circuits plant, it is believed, might be slightly more costly than the tube plant. Opinions differ as to whether one company is likely to get both contracts or whether the contracts will be shared between Hitachi and Toshiba. Hitachi was the winner of the first contract to supply a large-sized computer to China (approved by Cocom after minor modifications to the original specifications) early this

TOKYO, June 19.

year. China does not recognise Cocom and has thus habitually refused to place a conditional contract with an external supplier, pending approval by Cocom. This appears to be one of the problems involved in current negotiations over the integrated circuit plant.

Meanwhile, Reuters reports that Asahi Glass says it will sign a contract in Peking this month to export a colour television bulb glass plant worth about ¥130m to China.

The plant, capable of manufacturing 1m bulbs a year, will start operations in the second half of 1985.

The French Petroleum Institute will train Chinese technicians under a scientific and technical cooperation agreement signed with its Chinese counterpart, AP-DJ reports from Paris.

The accord was signed in Peking during a visit by M. Jean Pierre Capron, director of carburants at the French Industry Ministry.

M. Capron went in China to prepare a French exhibition on oil, gas and petrochemical techniques to be held from November 29 to December 8. About 60 French companies will be present at the exhibition, with special emphasis on offshore exploration.

UK groups join in the bidding for Hijaz line

By Rami G. Khouri

AMMAN, June 19. BRITISH consulting companies are included in three of the eight consortia of companies that have been chosen by a Jordanian-Syrian-Saudi Arabian committee to present bids on conducting a feasibility study to reconstruct the entire Hijaz railway line.

The eight short-listed consortia were picked this week from a group of 21 and now have until September 23 to submit their offers for the giant project. It would involve rebuilding the entire 1,300 kilometres of the historic railway in standard gauge track instead of the existing narrow gauge track.

The British companies are Transmark, Rendel Palmer and Triton with Mott Hay and Anderson in one group; the Economic Intelligence Unit with Soteci of Italy in another; and Freeman Fox, International, Henderson Hughes and Bosby, with Prices of Pakistan, in the third.

The tripartite committee will meet in Riyadh in the second half of October to select the companies for the feasibility study. They will sign the contract before the end of this year and will be expected to produce their final study within 18 months, according to Jordanian Transport Ministry undersecretary Hashem Taber, who adds that "all sides are now serious" about going ahead with the project.

TEXTILES

India goes back to using the handloom

BY RHYD DAVID, TEXTILES CORRESPONDENT

IN A MOVE which at first sight might appear to step backwards industrially, India has decided that no future expansion of weaving in the country's textiles mills or through the use of power looms will be permitted, but that instead additional cloth production, to meet home and export market requirements, will have to come from handlooms.

It is a decision which reflects on the one hand the Indian Government's desire to take advantage of the employment opportunities, particularly in country areas, which cottage industry can offer, but it has a commercial logic as well.

Against a background of depression for several years in textiles worldwide, the Indian handloom sector has been buoyant. While in the 1960s the markets for handloom products were other parts of the Far East and Africa, today, as a result of strong fashion demand, 80 per cent of India's handloom exports are going to Europe, the U.S. and other developed countries.

The restriction on the growth of mills will help to stem the drift from the villages to the towns but it will also help to avoid competition for yarn and other raw materials needed for an anticipated increase in output from handlooms to around 3.5m metres a year over the next five years, from the present 2.3m metres.

The encouragement which the Indians are now giving to this sector is also recognition that to hold one's place in world textile markets against strong competition from other low cost countries, it is essential to have a distinctive product.

Handloom products, of which India is by far the biggest manufacturer, are also free in some, though by no means all, countries, from quota restrictions—an important advantage at a time when developed countries, through the recent Multi Fibre Arrangement, have increased substantially the restrictions on low cost imports.

The move remains, however, only part of a wider strategy which India seems likely to adopt in a bid to increase its share of world markets, currently still very low, but excessively concentrated in a small number of product areas. At a recent conference in London, Mr. K. Sreenivasan, chairman of the National Textile Corporation of India, pointed out that India's share of world trade in textiles increased between 1973 and 1976 only from 0.4 per cent to 1.67

per cent, with the EEC the biggest buyer, taking about 60 per cent of total exports, followed by North America with 25 per cent.

India's low share is accounted for partly by the limitations imposed by quotas in the developed markets but there are also other problems, including the very large Indian domestic market which has to be satisfied first. India remains, too, an overwhelmingly cotton-based exporter and has not therefore been able to share in expanding world trade in synthetic fabrics.

A further difficulty faced by India over recent years has been a shortfall in its cotton crop, forcing it to import cotton and viscose, (including large quantities from Britain) to keep its mills running even for home demand.

Thus, although exports have increased they remain relatively small in total. In the mill sector, they rose from £210m in 1974 to £307m in the first 11 months of 1977 compared with UK textile and clothing exports last year of £250m. Most of the increase has come in the apparel sector, up from £56m to £132m, while yarn exports affected by the need to supply domestic mills and fabric by the spread of quotas and generally depressed world conditions.

In the handloom sector, a threefold increase took place between 1973-74 and 1975-76 in yarn exports, from £25m to £75m, with fibres for the period since also likely to show a further very substantial rise.

As well as devoting more resources to the handloom sector, however, India is likely, Mr. Sreenivasan suggested, to try to add value in its mill exports, enabling it to earn more within the quota limitations imposed on it. This is likely to mean exporting a greater proportion of finished fabrics as against greys, state cloth, and a move into a finer range of fabrics.

The need to increase the sophistication of handloom products is also seen, in particular the importance of providing the sector with finishing equipment which will make it possible to offer garments with easy-care properties.

Moves such as these, if carried through, could help India increase its total textile and clothing exports to around \$800m by 1980, clearly providing a welcome addition to the country's overseas earnings. They also indicate the continuing challenge which the textile industry in developed countries faces.

Yugoslavia gets \$18m credit line

THE Export Credits Guarantee Department has guaranteed the repayment and funding for a \$18.4m loan which Barclays Bank International has made available to Prva Iskra of Barje, Belgrade, Yugoslavia.

The loan will help to finance a contract awarded by Prva Iskra to Ingeco Laing for the design, engineering, supply of components and commissioning of a linear alkyl benzene plant to be installed in an existing plant at Barje.

This is the first contract to be won by Ingeco Laing, the specialist engineering contractor combining the resources of the Swiss-Italian contracting group Altech and the UK based John Laing Group.

The speed with which Ingeco Laing was able to set up the financial package was a key factor in winning the contract.

The new plant, which is due to be commissioned in autumn 1980, will have the capacity for an output of 50,000 tonnes of linear alkyl benzene a year for use in the production of detergents.

French-Swiss contract

Cit-Alcatel, the telecommunications subsidiary of the French C.G.E. (Cable Generale d'Electricite) electrical group, says it has received an order from the Swiss Post Office to supply equipment, notably laser diodes, for an experimental fibre optic telecommunications network.

The order is to be manufactured by a Swiss company. When completed, the link will be able to carry 8 megabits and will be set up in the Bernese region. Cit-Alcatel says it is the first export order it has received for such equipment.

New aluminium plant

Brazil's state mining company Cia. Vale do Rio Doce (CVRD) will formally set up the aluminium producing company Albras SA in Rio de Janeiro today with its Japanese partners in the project, Nippon Amazon Aluminium.

Albras, in which CVRD will hold a 51 per cent share and NALCO the rest, is expected to produce 40,000 tonnes of primary aluminium near to Belem, Para State, in its first year, rising to 320,000 tonnes a year later. Total investment in Albras is estimated at more than \$855m.

Ford-India negotiation

Ford Motor Company says it has been selected by the Indian Government to negotiate a contract for a domestic television and communications satellite.

Company officials say specific contract language has not been approved by either side, and decline to indicate the size of the potential contract.

Signs that West German inflation is declining

BY GUY HAWTIN

FRANKFURT, June 19.

WEST GERMAN import prices remained stable between March and April this year, but were a full 7.6 per cent below price level a year earlier. The figures give a clear indication of the importance of declining import prices in slowing the West German rate of inflation.

The statistics, produced by the Federal Statistical Office and published by the Economics Ministry, show the index for import prices (1970=100) standing at 145.8 during both months. The two months' percentage decline, compared with a year earlier, was even steeper than the 6.4 per cent fall reported for February-March.

German industry is expected to increase investment outlays by a real 5 per cent this year, according to the results of the latest IFO institute survey of companies' investment plans. This follows stagnation in investment spending in real terms in 1977, but all the same does not mark a strong revival of expenditure, reports Reuter from Munich.

This year's investments partly represent spending on projects which were delayed in 1977 because of pessimistic sales expectations, the IFO said.

Most companies' spending plans are centred on rationalisation rather than capacity expansion, the IFO said, pointing out that companies can hardly be expected to make significant capacity extensions over the rest of the year when existing plant is only about 80 per cent utilised.

Technological innovation and new production methods are proving an increasingly important impulse for investment, it said. Increased spending will be concentrated on the capital goods industry and in some consumer sectors, with the upturn in the building industry also encouraging more expenditure in related areas, it said.

Trend towards Europe in Latin America car sales

BY TERRY DODDsworth, MOTOR INDUSTRY CORRESPONDENT

THE Latin American car market should grow at an average of 5 per cent more than five per cent a year, according to a new study by Euroeconomica, the Paris-based research institute.

In a 240-page analysis of the region, one of the most rapidly growing vehicle production areas in the last decade, Euroeconomica concludes that the stock of private cars, estimated at 11m in 1975, should double by 1985.

The commercial vehicle stock, reckoned to be about 4m units at present, should go up in a similar fashion to cars.

The report argues that European-type cars will gradually increase their popularity in the area at the expense of American designs, mainly because of the demands for economy.

Volkswagen, it says, will retain market leadership in the area with about 35 per cent of sales, followed by Ford on 15 per cent. Fiat should expand to about 10 per cent of the market within the next seven years, while the

chances of Renault and Peugeot/Citroen achieving a similar improvement depends on their ability to rationalise their resources in the area.

General Motors and Chrysler at present have 11 per cent and 9.5 per cent respectively in the area, in which the three leading countries—Argentina, Brazil and Mexico—provide over three-quarters of the total, and four-fifths of the passenger car stock.

The Japanese manufacturers are expected to improve their position substantially.

The Latin American Automobile Industry: Prospects to 1985. Euroeconomica, 9 Avenue Hoche, Paris. Frs 3,000.

Dexion Qatar order

Dexion has won a £1m order from the Qatar Government for the total equipping of four warehouses in the Doha area including Dexion speedlock pallet racking, Impex two-tier small parts storage, Simplan offices, office furniture, air-conditioning units, and forklift trucks.

Brazil-Taiwan rocket deal

By Diana Smith

RIO DE JANEIRO, June 19.

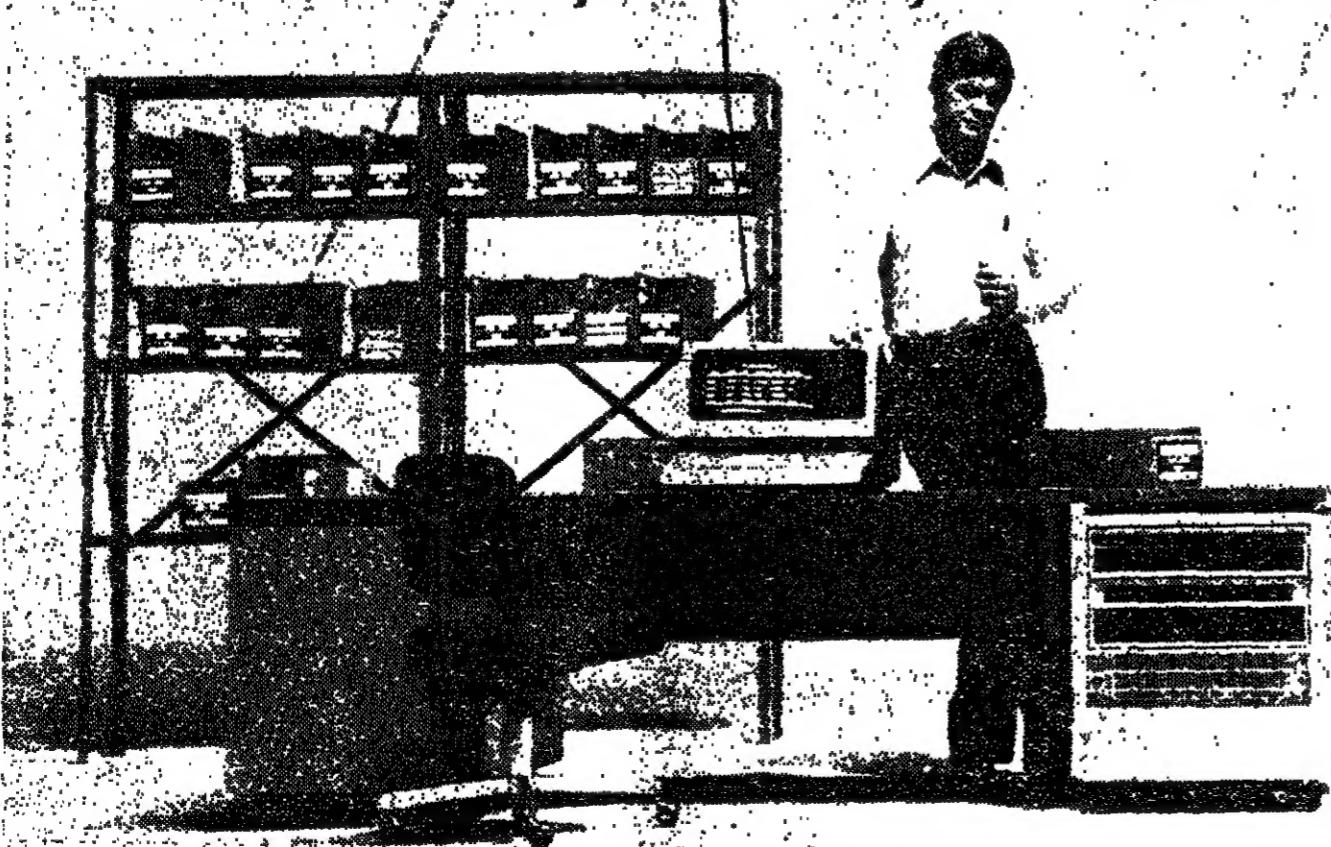
BRAZIL is to sell its nationally developed Sonda Three rocket to Taiwan. In return, Taiwan will supply advanced electronic knowledge that will fill a gap in Brazil's space technology, that of missile tracking.

Brazil's space rocket developments, which began with the rudimentary Sonda One and last year, led to the more sophisticated Sondas Two and Three, have not pleased the U.S. in particular.

When successful testing of Sonda Two and Three were announced in 1977, the U.S. and France cut off supplies of the special synthetic rubber polybutadiene, which in its hydroxylated and carbonated form, is the basis of Sonda fuels.

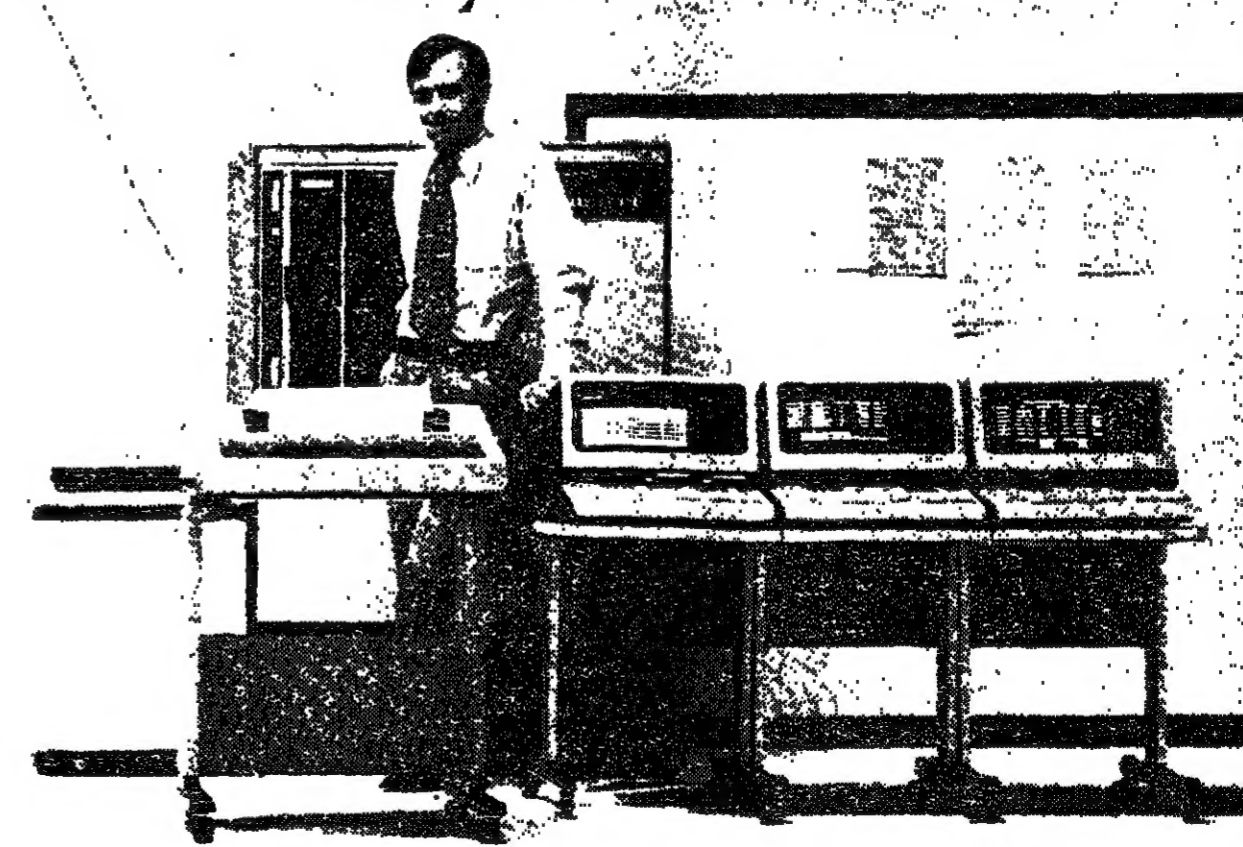
Brazil has skirted the resistance of countries like the U.S., France and the UK to its space programme by drawing on West German technology, and now, at the Aesitex Steel Works, produces its own special steel plates for rockets.

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FT20/8

HOME NEWS

Councils given £100m help for land buying

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE Government yesterday launched a major initiative to stimulate the struggling community land scheme. It has allocated £100m. to be used by local authorities for land acquisition over the next two years—between two and three times the resources available in the first two years of the scheme—and has also announced changes to speed the rate at which land is made available for development.

Electricity Board's profit falls

THE SOUTH OF Scotland Electricity Board made a £5.6m profit last year—considerably lower than the previous year's despite record turnover of £400m.

The Board's annual report, published yesterday, shows that it paid interest charges of £8.9m last year. It therefore achieved its overall financial objective for 1977-78, which was to break even with something to spare.

Last year, the Board's electricity sales rose by 2.4 per cent. The most significant growth in demand came from industrial and commercial customers.

Reserves at the end of the financial year stood at £50.1m.

More nuclear generating capacity would be required towards the end of the century to supplement coal-fired plants as indigenous reserves of oil and gas become depleted, according to the Board.

Mr. Roy Berridge, Board chairman, said in Glasgow that he did not expect any further increase in electricity prices before next April.

But he admitted that if there was a big increase in coal prices, the Board would have to review the situation.

Prices for domestic electricity in the South of Scotland area were about 10 per cent lower than in England and Wales, mainly because the Board had a higher proportion of nuclear power stations and more modern plant.

Mr. Reg Fresson, Minister for Housing and Construction, said yesterday that the Government was not, however, anticipating any land shortages.

"We are simply asking the local authorities to make up the ground lost in the economic blizzard through which we have passed," he said.

He said that the authorities now had a vital role to play in ensuring that enough land was made available for development.

He admitted that the high rate of development land tax—temporarily at 60% but to rise to

80 per cent in April—was likely to discourage some landowners from selling. Authorities would have to "fill the gap."

Mr. Fresson continued: "Local authorities will need to have an entrepreneurial approach to land dealings on behalf of the community and maintain a close and continuing dialogue with builders and developers."

"It is new and uncharted territory for many local authorities but they have a big opportunity to plan the future shape of our towns and cities."

Mr. Fresson said that house builders would, under the scheme, be able to carry lighter land banks and purchase from local authorities when they required it.

The system would stabilise the

market and help moderate fluctuations in house prices. The Government, he said, was looking to the local authorities for "a new start."

The scheme was launched in April 1976. In its first year of operation, nearly 1,600 acres of development land were acquired in England, but this figure dropped sharply to less than 500 acres in the next year.

The rate of disposal to builders and developers was also very low, with only 100 acres being sold in the second year.

Mr. Fresson, who said the scheme had got off to "a sound start," blamed low demand for building land, high interest rates and cuts in public expenditure. The way was now clear, however, for "vigorous progress."

Crown Agents official 'bribed to make loans'

A SENIOR OFFICIAL of the Crown Agents, the public body which needed a Government financial rescue in 1974, was charged with corruption involving £1.75m. It was alleged at the Old Bailey yesterday.

Mr. Bernard Wheatley, who died last year aged 48 and was manager of the Crown Agents sterling money market activities, was charged with authorising loans totalling £1,750,000 to companies owned by financier Sidney Finley, 58, of Nightingale Lane, Clapham, South London, said Mr. Roy Amlot, prosecuting.

Payments, in the form of loans, totalling more than £300,000 were made to Mr. Wheatley, said Mr. Amlot, and at the end of the day none of the £1.75m loaned by the Crown Agents to Finley's companies had been repaid.

Finley has denied eight charges of corruption which allege he made gifts or considerations to Mr. Wheatley in the form of loans totalling £321,000 as inducement or reward to him to authorise loans from the Crown Agents to either of two companies—SIS London or Big City Finance—which were in Finley's Tanvee Group.

Mr. Amlot said: "Mr. Wheatley died last year after his commitment for trial to this court and before he was actually tried. It is not for that unfortunate fact he would certainly be sitting in the dock with this defendant."

He told the jury Mr. Wheatley, as manager of the Crown Agents sterling money market, had authority to lend very large sums of money almost any concern he thought fit.

Between 1969 and 1974 Mr. Wheatley had loaned £1.75m to companies owned by Finley. The money was never repaid because in 1974 Finley's companies were going bust. They were, in fact, wound up in 1975.

Mr. Amlot said: "The allegation is that over the same period Finley was bribing Mr. Wheatley by lending him personally large sums of money through another one of his own companies and unknown to Mr. Wheatley's superiors in the Crown Agents."

Over the same period, Mr. Wheatley had been loaned a total of £322,000 in various amounts at different times. More than half of the money loaned to Mr. Wheatley was never repaid because he was not in a financial position to do so. At the end of the day Mr. Wheatley owed £182,000 to Finley.

In the case of the largest loan made to Mr. Wheatley—£168,000 in 1974—Mr. Amlot was saying that money was in reality the Crown Agents' own money.

"Such, says the Crown, was the state of corruption by February, 1974," said Mr. Amlot. He told the jury they may have read that the Crown Agents lost a

great deal of money in 1974 and had been bailed out by the Government at the end of that year.

Mr. Amlot said the main function of the Crown Agents' sterling money market was the receipt of sterling deposits from principals in Britain or abroad and borrowing and lending sterling in the money market in this country.

"As the manager of their sterling money market, Mr. Wheatley had complete authority to make any loan of the Crown Agents' money he considered appropriate," said Mr. Amlot.

"It seems that the unwritten law was that he could lend amounts of money up to 70 per cent of the security offered, without referring to anybody else in the Crown Agents."

Mr. Wheatley and Finley got to know each other in the late 1960s and their relationship rapidly developed into a corrupt one. By September, 1969, one of Finley's companies had loaned Mr. Wheatley £1,000 interest free. At the same time, Mr. Wheatley was authorising a loan made to Mr. Wheatley—of large sums of Crown Agents' money to another one of Finley's companies.

Referring the jury to some of the documents in the case, Mr. Amlot said the book-keeping, especially in the money markets sections, of the Crown Agents, left "a certain amount to be desired."

Brent C oil platform in place

By Ray Dafter, Energy Correspondent

SHELL and Esso are preparing to boost production from their Brent oil and gas field in the North Sea, the biggest commercial reservoir in the UK sector.

The two are spending over £2.55m on the field's development, according to industry reports.

Shell UK Exploration and Production, as operator for the partnership, announced yesterday that the Brent C production platform—the fourth and final production unit—had been successfully located on the field. It was towed from Norway in five days.

The concrete structure was built by McAlpine/Seabank at Ardyne Point, Scotland, and towed to a deep-water site in Norway for completion last July.

Besides producing oil and gas, the platform will act as the pump station for the Brent pipeline system, which links the field to Sullom Voe, in the Shetland Islands, some 95 miles away. Brent oil is expected to be carried through this pipeline early next year.

Programme

Initial supplies of Brent crude are being loaded into tankers for trans-shipment to refineries.

Oil from the field is being produced only through the Brent A platform, brought on stream on June 8.

The Brent B platform, which produces the first oil from the field in November, 1976, has been shut down while Shell carries out the second phase of its construction programme.

The Brent D production platform also began a three-week shutdown on June 10 so that gas compression facilities could be commissioned.

Oil produced through the Brent C platform should be added to the total output by the second half of next year.

Brent is sought to contain some 220 barrels of recoverable reserves (including about 600m barrels of condensate and natural gas liquids) is expected to reach peak production in the early 1980s.

Shell said that the field should yield up to an average of 560,000 barrels a day, rising to 100,000 barrels a day of gas liquids.

Stronger sterling predicted

By David Freud

STERLING is likely to strengthen, reflecting the altered prospects for monetary growth after the recent economic package City brokers Laing and Cruikshank predict.

They say domestic credit expansion would have grown £3.5bn in the first half of 1978-79 but, after the package, it will grow by £1bn—or nil from now on. That will tend to reduce interest rates and the Minimum Lending Rate is expected to fall slowly, probably reaching 8 per cent by September.

The rise in sterling will be supported by improving expectations for the current account payments position next year, which might register a £1.5bn surplus compared with a predicted £250m surplus this financial year.

The most effective part of the package was the imposition of the corset, the firm says. The required 3 per cent reduction in banks' interest-bearing eligible deposits means that the money supply cannot grow more than 2 per cent in the first half of 1978-79, the equivalent of no growth between now and August-October.

The introduction of the corset meant that private-sector lending could only be allowed to rise £500m in the first half, against the pre-corset prospective growth of £3bn.

A major addition to the plant, which makes wide inner ring bearings and transmission cart-ridge units, was opened in spring 1978.

Discussions with unions and employees about redundancy terms are still going on. They have been told that about 300 jobs will go at Wolverhampton when some work is transferred to Mednesford and another 100 will be lost at Mednesford too.

The cut will go ahead "as quickly as possible." At present

At one stage it seemed likely that the Mednesford plant would be closed even though it received the lion's share of Fafnir's £2.5m expenditure programme in 1974-75.

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The cut will go ahead "as quickly as possible." At present

Plan for Wales knitwear industry studied

By Our Welsh Correspondent

THE DEVELOPMENT Board for Rural Wales has engaged management consultants Inbucon/AIC to study the possibility of establishing a new style "collage" knitwear industry in west Wales.

The Board sees the industry providing jobs and an incentive to stay in rural areas, without large capital outlay on plant and machinery.

It believes that the use of Welsh wool in quality controlled, well-styled garments, marketed at home and overseas, could be successful if carefully planned.

Inbucon has already carried out similar studies in the use of Welsh wool in the clothing industry, and into reviving the West Indian sea island cotton industry.

The knitwear industry is already the subject of a Government inquiry and has been selected as one of the key industries in the National Industrial Strategy.

The Department of Industry and National Economic Development Office have agreed to co-operate in the study.

Unit trust sales decline in still-buoyant market

BY ERIC SHORT

MAY unit trust sales continued to decline, but were considerably lower than April's record level, according to figures released yesterday by the Unit Trust Association.

Sales fell from £70.3m to £53.2m, but this figure was the second highest on record.

In the first five months of this year, total value of sales amounted to £244m, compared with £141m in the corresponding period last year and £165m in 1976.

These sales are well ahead of those for the corresponding periods in 1972 and 1973, reckoned the boom years for unit trust business.

Repurchases, however, were also up on the month at £23.7m, compared with £21.4m in April, resulting in net new investment in May of £29.5m, compared with the record £48.9m of April.

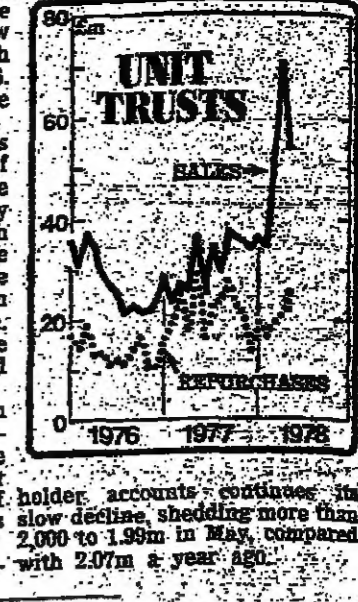
Not how investment in the first five months of this year now stands at £141m, compared with £141m in 1977 and £90m in 1976. Again, this is a record for the period.

The surge in investment arises primarily from the popularity of U.S.-based funds, which have been advertised heavily by various unit trust groups, both UK and overseas. The U.S. market has also contributed to the growth by providing a steady sales base.

The groups still regard these funds as providing their "bread and butter" business.

Sales last month resulted in the value of funds under management increasing to £2,750m at the end of the month from £2,580m at the beginning. At the end of May last year the value of funds stood at £2,050m.

However, the number of unit



Economy picking up sharply, but slower rate is likely

BY DAVID FREUD

BRITAIN'S ECONOMY is picking up sharply, according to official figures, published yesterday, designed to identify changes in the level of activity. However, the indicators suggest that the pace is likely to slacken later in the year.

The Central Statistical Office's short-term indices of movements of shorter-leading and coincident indicators—have been rising for the six months to April.

The index of coincident indicators, which reflects current developments in the economy, now 5.6 per cent above October's

level. The shorter-leading indicators, which have an average lead time of about six months, are up 7.2 per cent.

However, the index of longer-leading indicators, which have an average lead at turning points of about 12 months, fell 0.5 per cent for the seventh consecutive month. It stands 7.1 below the October figure.

The main reason for the May rise was a further rise in interest rates, used in inverted form, when compiling the composite indicators, which offset the rise in the longer-leading indicators, which with general expectations.

leading index included the sharp rise in hire purchase new credit, which offset a fall in new car registrations.

The composite index of coincident indicators rose 0.5 per cent, because of the further expansion of the smoothed series of retail sales, and an increase in the index of manufacturing production.

The office urges caution in interpreting month-to-month movements, and the figures are subject to revision. Nevertheless, the clear warning of a decline in activity, delivered by the longer-leading indicators, accords with general expectations.

Fafnir rationalises UK production

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE LATEST victim of the company employs about 1,400.

Cut-throat pricing in the bearings market has also led to further redundancies at SKF (U.K.), part of the Swedish group, which last year reported a £6.5m loss and that 75 jobs would be cut at Sundon, near Luton, and 125 at Irvine in Scotland.

The only wholly British-owned bearings group, Hedsnesford, reported that its bearings division had fallen from £1.825m to £900,000 in the six months to March 31, on turnover only marginally ahead from £77m to £83.5m.

It is estimated that the SKF bearings industry has lost about 5 per cent of its employees in the past 18 months and the total is now down to about 18,700.

Although the main problem is simply one of demand, and over-capacity throughout Europe, the U.K. manufacturers have also accused the Japanese of adding to their problems by dumping bearings.

Japanese makers gave an undertaking to the EEC Commission to put up prices by 20 per cent from the beginning of 1978, but the European manufacturers still insist that the increase did not make up for the dumping margins.

The scheme will involve concentration of all standard bearing manufacture at Fafnir's Hedsnesford, Staffs, factory while the high-technology and space bearings—the group makes bearings for the Rolls-Royce RB-211 engines—will be made at Wolverhampton.

At one stage it seemed likely that the Hedsnesford plant would be closed even though it received the lion's share of Fafnir's £2.5m expenditure programme in 1974-75.

A major addition to the plant, which makes wide inner ring bearings and transmission cart-ridge units, was opened in spring 1978.

Discussions with unions and employees about redundancy terms are still going on. They have been told that about 300 jobs will go at Wolverhampton when some work is transferred to Mednesford and another 100 will be lost at Mednesford too.

The cut will go ahead "as quickly as possible." At present

Boost jobs in small companies

By Our Midlands Correspondent

A CALL for the Government to focus attention on small companies to achieve a dramatic fall in unemployment comes today from the West Midlands Economic Planning Council.

The council says in a study of small companies that capital investment in large companies restricts jobs through rationalisation. By contrast, the development of small enterprises tends to generate employment.

The Government is urged to modify policies on taxation, employment and financial assistance to provide "positive help for growth-minded firms."

Victorian paintings set records

THE DRAMATIC increase in demand for Victorian painting resulted in Phillips yesterday achieving a record total for picture sale of £222,340 (6 per cent unsold).

The sale of 19th and 20th-century English and Continental pictures reflected the interest Continental buyers are now showing in the period.

Edgar Hunt's *A journey scene with a dog, poultry and goats outside a barn* (1921), fetched £11,000, a record price for the artist. The estimate had been in line with the previous highest of £5,600.

Rubens Santoro's *The Camel San Francisco, Venice* was sold for £9,500 to Parashos, a *Camel Venice*, by the same artist, German dealer, and The Apostoli went for £8,800 (estimate £4,000) to the London dealers Williams and Son.

Sotbey's sale of Spanish books yesterday totalled £2,213. The top price of £700 was paid

SALE ROOM

by London dealer Quaritch for Espinosa (Pedro) — *Primera parte de Las Flores de Poetas* (Illustrated by Espinosa (first edition)).

The sale of Russian works of art by Sotbey's realised £2,115. A 7-inch wide enamelled casket, by Maria Semenova, Moscow, selling for £5,600.

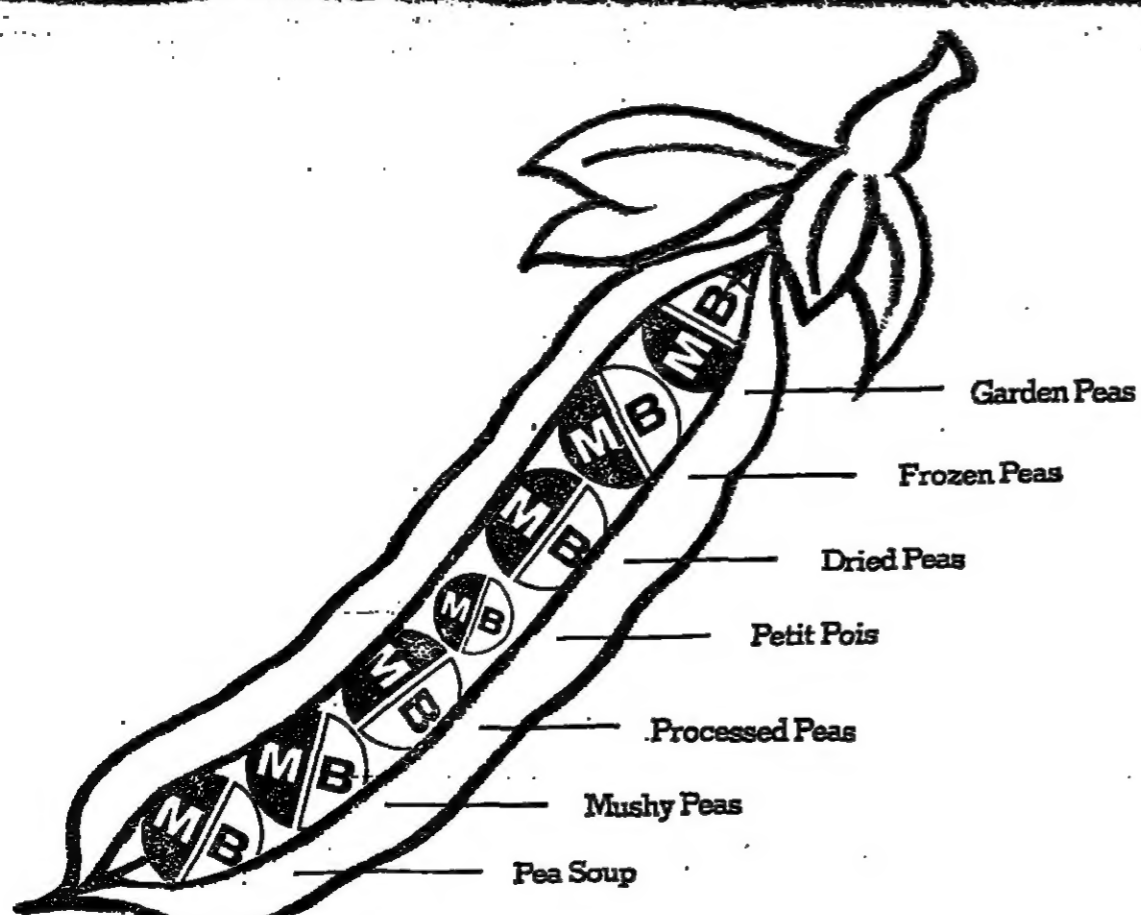
A Fabergé gold cigarette case with an enamelled lid depicting three nymphs on a rock went for £2,800.

A sale of English and Welsh porcelain at Christies yesterday made £37,815. The top lot, at £11,150, was paid by Studio Antiques, the Gloucester dealer, for a pair of Chamberlain's Worcester quart mugs, painted with dead game birds.

The Harry Ross collection, which went under the hammer at Christies, realised £33,543. Mr. Ross, who lives in Wimbledon, bought his first bottle for £25.

The top price in yesterday's 121st sale, was £2,800 paid by Sung the U.S. dealer, for a Peking enamel bottle, the base with Ch'en Lung four-character mark, painted with shaped panels of European ladies and children seated in wooded landscapes.

Today sees the start of Sotbey's sale of the von Hirsch art collection—one of the most important art sales held. The 750 works of art are expected to fetch at least £5m, and a total in excess of £10m seems likely.



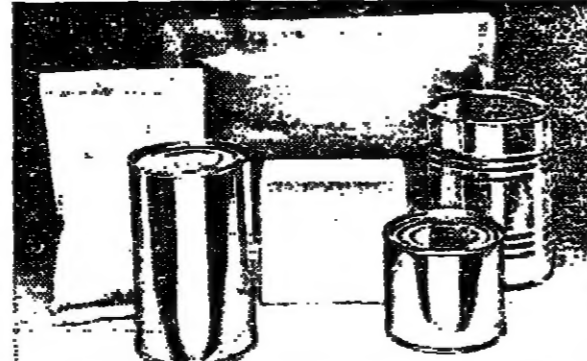
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HOME NEWS

NatWest personal account charges up

BY MICHAEL BLANDEN

PERSONAL CUSTOMERS of National Westminster Bank will face higher charges for running their accounts for the second half of this year.

The bank yesterday became the second of the big four to announce higher charges following the Price Commission report which cleared the way by accepting that their present scales were "not excessive."

The move followed the changes already announced by Lloyds Bank for the next half-year. Barclays and Midland are not expected to introduce any increases before the beginning of next year.

The NatWest package shows some significant differences from the Lloyds move. It includes a substantial rise of 50 per cent in the charge made for debit entries on the account—cheques and standing orders—for those customers who do not qualify for free banking.

NatWest is, however, keeping the minimum balance required to qualify for free banking for its five million personal customers at £50.

Mr. Jeff Benson, the group chief executive, said that more than three-quarters of personal customers who keep in credit will continue to pay no charges.

For customers who do not keep the minimum balance, the charge for debit entries goes up from 10 pence to 15p. This compares with an increase from 9p to 12p at Lloyds, where a lower charge of 7p was also introduced for Cashpoint automated withdrawals.

NatWest is also introducing, in line with the Commission's suggestion, an allowance against charges for the value of money left on the account, which will be more closely related to the general level of interest rates.

The allowance will be at 1 per cent below the bank's normal seven-day deposit rate, rather than the fixed 5 per cent which has applied until now.

At present, this would give an allowance of 6 per cent. Lloyds fixed the offset allowance at 1 per cent below deposit rate.

NatWest is also changing its basis of charging customers, which at present varies between quarterly and half-yearly at different branches. All charges will now be made quarterly.

This will be introduced at the beginning of next year and has certain advantages for customers in reducing the period for which the minimum balance has to be maintained to qualify for free banking.

Mr. Benson pointed out that the £50 minimum had been set at the beginning of 1974, and in real terms had been reduced since then to little more than half its original value.

Commenting on the Price Commission's alternative suggestion that the banks should pay interest direct on current accounts, Mr. Benson said: "I am by no means convinced that many of our customers would welcome such a move, bearing in mind that as matters stand there would be a tax liability on the interest earned, but we will keep the matter under review."

Footwear outlook bright

BY ARTHUR SMITH

THE OUTLOOK for the footwear industry this year seems reasonably bright, according to the British Footwear Manufacturers Federation's quarterly review, published today.

Higher consumer spending is expected to benefit the domestic retail trade, while the recent depreciation of the pound should give some help to exports.

The review presents a mixed picture of the industry, which is reported to be "still reasonably busy." Exceptions are in the men's leather sector and some parts of the children's trade where a swing to more casual styles has hit demand.

Most companies have more than a month's work in hand, but there is still widespread spare capacity. The implication seems to be that, though firms are busier, few are yet sufficiently confident to gear themselves up to higher rates of production, the federation says.

Print leader stands firm against Phase Four

BY ALAN PIKE, LABOUR CORRESPONDENT

THE FIERCE resistance of some union leaders to any form of incomes policy after Phase Three expires next month was emphasised yesterday by David Ross, general secretary of the National Graphical Association.

Decisions on pay policy at September's TUC Congress could be of vital importance to the future of the trade union movement, Mr. Wade told delegates to the union's conference in Douglas, Isle of Man.

It was not the movement's function to "sacrifice on a permanent basis to our hard-earned right to free collective bargaining—which was what its leaders were saying at last year's Congress — they mean what they say and will give support to affiliated unions who seek to rectify their rights freely to negotiate their own agreements."

There was not a single union which had not learned the lesson of 1974-75. Pay claims would be moderate, reasonable and negotiated within the capacity of different sections of industry to pay.

But there must be freedom of movement in wages bargaining and we will not action.

Among the motions on pay policy to be debated today is one calling for an aggressive campaign, including mandatory meetings in working hours, no-go operation and a work-to-rule aimed at achieving a high basic rate and a shorter working week.

Earlier yesterday, Mr. Les Dixon, NGA president, expressed his concern that in recent months some national newspapers had refused to accept the authority of the union.

This problem arose most recently in an unofficial dispute by machine managers at The Observer, and led to warnings that the newspaper could close if normal working was not resumed.

There is nothing more damaging to a trade union than the undermining of its constitution and authority, and having to inform any management that the union has given instructions that it should be normal working, said Mr. Dixon.

London region delegates yesterday failed in an attempt to have motion included on the agenda that instructions should be given to call industrial action.

Transport workers back pay offer to builders

By Nick Garnett, Labour Staff

THE Transport and General Workers' Union yesterday rejected from its difficulties the offer for the year's pay and conditions when pay delegates met yesterday to accept the deal.

The same pay delegates on the union's joint construction and craft committees last month rejected the offer. It was a rejection of the offer to accept the deal.

The joint union side of the construction industry is to discuss the situation today before meeting the employers' side of the National Joint Council for the Building Industry.

The Transport Workers' subsequently found that few regions were willing to take industrial action, planned for this month and UCAIT's annual conference later stood firm on accepting the deal.

The joint union side of the construction industry is to discuss the situation today before meeting the employers' side of the National Joint Council for the Building Industry.

Earnings Although the two smaller unions covered by the national agreement, the General and Municipal Workers' and the Furniture, Timber and Allied Trades, have also been unwilling to accept the offer, the Transport Workers' vote yesterday will ensure that the deal is concluded.

The settlement which will run from June 26, will raise craftsmen's total minimum earnings from £6.50 to £8.00 and labourers' from £4.70 to £6.00. It affects about 800,000 workers.

The Transport Workers' said the lay delegates, who voted reluctantly 18 to 5 for the deal, had done so in the light of existing circumstances and "in order to avoid a disaster resulting from decisions taken by other unions which could result in confrontation on the picket lines."

Shop stewards threaten to quit union By Arthur Smith, Midlands Correspondent

SHOP STEWARDS representing Midlands oil industry workers have threatened to quit the Transport and General Workers' Union unless a "significant" improvement is made to the regional secretary of the commercial transport drivers, is halted.

They are protesting at the fall by drivers in another branch for a national inquiry into allegations of irregularities in a ballot involving Mr. Law.

The drivers are organising a petition of support for Mr. Law.

Higher TUC fees sought PROPOSALS for a 25 per cent increase in TUC affiliation fees are to be considered by the General Council soon.

The plan, if approved, will go before Congress for endorsement in September. It would add about £20,000 by 1980 to the present affiliation income of £2.5m.

Television revenue may rise

INDEPENDENT television's advertising revenue may increase this year by 20 per cent, boosted by higher consumer spending after last year's jump of 30 per cent to £300m, according to a survey by Glasgow stockbrokers Eason Watson and Smith.

"The advertising mix is broadening all the time," Mr. David Robb, an Eason research analyst, said yesterday.

"High prestige companies like banks and building societies are now bidding for prime time."

The industry had recovered from the 1972 setback, when an increase in broadcasting time boosted production costs, as consumer spending declined.

Granada and London Weekend Television were prime investors in the sector. Both had minimised the risk of losing their franchises under the review in 1981 by selling production rights for network distribution.

Such a move tended to insulate companies against the charge of poor quality TV productions.

The companies had avoided some of the worst effects of the special levy, which could cream off up to 80 per cent of a company's pre-tax profits, by selling TV productions overseas.

Aldershot arms exhibition interests Chinese mission

BY LYNTON McLAIN AND COLINA McDOUGAL

BRITISH PLANS to convert container ships to carry the Harrier vertical take-off fighter were unveiled at the Aldershot Army Equipment Exhibition yesterday 24 hours before Chinese defence manufacturers plan to tour U.K. company stands. The exhibition is the largest and most comprehensive array of military equipment ever exhibited in one place, the Ministry of Defence said yesterday.

Over 10,000 items of equipment are on show in this shop window of UK defence equipment industries. They said £700m of military equipment last year.

Fairley Engineering, a subsidiary of Fairley Holdings, showed a model of a 300 ft container ship, redesigned as a poor man's aircraft carrier. The full-scale version of the runway system will be on show at this year's Farnborough Air Show in September.

The runway is a series of modified medium girder bridges, now used as standard equipment in NATO. Fairley won orders for 21m of bridges last year and said yesterday the scheme would be based on the new "ski jump" ramp used to ease take-off for heavily laden Harriers. The "ski jump" is still under test at Royal Aircraft Establishment, Bedford.

The six-man Chinese military mission is expected to stay about two weeks and will be visiting British manufacturers after touring of the arms exhibition. The Chinese are expected to call at the EMI stand at the exhibition to see the Cymbeline light weight radar for mortar fire location in which they are very interested.

Lloyd's syndicate sues Oceanus

BY JOHN MOORE

OCEANUS MUTUAL Underwriting Association, a Bermuda-based insurance concern is being sued by a Lloyd's marine syndicate, number 65 (the H. G. Chester syndicate), for alleged breach of contract.

The writ was issued towards the end of last week by Mr. James William Briggs, who is suing on his own behalf and behalf of all other members of the syndicate 65 at Lloyd's and certain other Lloyd's syndicates.

believed to be a dozen in all. In addition to damages there is a claim for a declaration that Oceanus is liable to indemnify the plaintiffs "in respect of further sums."

The dispute arises from a reinsurance package, which C. E. Heath, Lloyd's brokers, arranged with Oceanus for the syndicates after they had insured containers for CTL, a New York container group.

Meanwhile, Oceanus is involved in a separate action with CTL. CTL is suing Oceanus for \$300,000 under the terms of an insurance policy dated April 4, 1977. Oceanus is resisting that claim on the grounds that the insurance was originally placed.

And on yet another front, broker C. E. Heath is involved in a dispute, which has gone to arbitration, with a Lloyd's syndicate over other insurances arranged for CTL.

UK chemical industry saving more energy

Financial Times Reporter

THE UK chemical industry has cut its total energy use per unit of output by 18 per cent since 1970, according to a report on energy statistics by the European Council of Chemical Manufacturers' Federations which was published yesterday.

It shows that energy savings by the UK chemical industry, which generates 33 per cent of its own electricity from waste gases and other sources, were rather better than the EEC's average savings.

The report also shows that the chemical industry accounted for 18.8 per cent of total EEC energy consumption in 1976 compared with only 15.9 per cent in 1970.

It is suggested that the main reason for this is that chemicals output grew faster than total industrial production during the years 1970 to 1976. The UK's output has increased by 28 per cent over this period.

THE POSSIBILITY that Britain's armchair sportsmen will be deprived of their television coverage of Wimbledon tennis, golf and cricket matches in coming weeks will draw attention to a dispute that has had little of that so far.

Others who have however already been made aware of a dispute action by the Post Office Engineering Union include thousands of telephone subscribers, many in the City, who have been waiting for their lines to be hooked up.

The dispute, which goes back seven years but which has grown rapidly in recent months, is about the union's claim for a 35-hour week.

It has several unusual features. First, the POEU is about as moderate a union as can be found. Yet its leaders are witnessing an explosion of

the customer's demands could go up in smoke. This is quite apart from the possible disruption of the Post Office's rapid and extensive introduction of new technology in an expanding market.

Why have the 125,000 Post Office engineers turned so angry? The dispute has a long history, and rests on the fact that the engineers have always had longer standard hours than typists, cleaners—indeed all other grades. The latter are paid during their meal breaks and have, in effect,

NEWS ANALYSIS

POEU DISPUTE

BY CHRISTIAN TYLER

A hold operation, and possibly a path to settlement, has been devised by the Department of Industry.

Lord McCarthy, the industrial relations expert from Nuffield College, Oxford, is to hear the union and Post Office's case next Monday, after which he will presumably suggest the basis of a negotiated settlement. None of the parties is bound by his report.

There is no evidence that the POEU dispute, which has meant industrial action since last October, has shaped the demands that the TUC will put to the Government in the talks that are now beginning in earnest about pay after June 30.

But the TUC's and POEU's coincidence of view could materially help the union secure the forward commitment to a reduction in hours that it is seeking.

The dispute has brought together, in the view of Mr. Stanley, a whole range of worries and grievances. He fears that years of close consultation with the Post Office and dedication to

employment is running at 16.5 per cent. Redpath is to close the works, which makes structural steel in September, because of the depressed state of the construction industry.

But after discussions with the management, the unions at the plant have accepted that their resistance to closure has been seriously inhibiting efforts to find alternative jobs for those affected.

Co-op plan abandoned WELSH trade unionists have effectively abandoned a plan to take over British Steel's Redpath Dorman Long subsidiary in South Wales as a workers co-operative.

The formation of a co-operative was suggested by the Wales TUC as a last-ditch scheme to save the jobs of 300 men at Redpath's Torrefy plant in the Rhondda Valley, where unem-

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Crossed lines at Post Office

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LONDON JULY 10-21 1978

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This course was first held in 1977 and attracted substantial support from Britain and abroad. The suggestions of tutors and course participants in 1977 have been taken fully into account in preparing this year's programme and the sponsors believe its value will have been increased still further.

The course will be headed by a former finance director of a major industrial company and a merchant banker, and the panel of 22 distinguished lecturers are drawn from universities, commerce, accountancy and banking. The participants will be divided into study groups of fifteen people headed by a group leader. The ten days of instruction are broken down into lectures, case studies and various group exercises so that the students take an active part in the programme.

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- Mr D. C. Hobson Senior Partner, Coopers & Lybrand
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A bumpy ride on the road to efficient licensing

A MOTORIST went to prison recently rather than pay a small fine for failing to produce his driving licence to the police. He told the Court that his application to renew his licence had been "lost" within the Driver and Vehicle Licensing Centre in Swansea.

However, subsequent investigation at the 16-storey purpose-built licensing complex in South Wales revealed that the motorist had not made his application for a licence until after he was picked up by the police.

The motorist had tried to use the fast-growing weapon against driving violations: the so-called "Swansea Defence." This tries to put the blame for any offence involving car registration or driver licensing firmly in the lap of the Swansea computer. Although in this particular case the Court was not impressed with the "Swansea Defence," the motorist's allegations received widespread publicity.

Since it was opened just over five years ago, the Swansea Centre has been the subject of many such stories. They range from a child of six being sent a licence reminder to a man whose driving licence number turned out to be the post code of his address. In more serious vein, bus drivers and others who rely on a driving licence for their work have allegedly been suspended from their jobs because their licences have been held up at Swansea. In one such case, a judge went so far as to brand the computer a "monster."

It is no surprise that such apparent bureaucratic bungling has been latched onto with glee by Conservative MPs. Mrs. Sally Oppenheim, MP, a Tory front-bench spokesman, is currently compiling a dossier of alleged delays. Other MPs—the latest is Mr. Patrick Cormack, Tory MP for Staffordshire South-West—are also putting pressure on the Department of Transport to hold a full-scale inquiry into the Centre.

They are little mollified by Mr. William Rodgers, Transport Secretary, recently giving the Centre a clean bill of health after visiting the complex.

Yet critics of the Centre have an unlikely ally in their demand for an independent inquiry. The union which represents most managerial grades at the Centre, the Society of Civil and Public Servants (SCPS), has

strongly attacked the Centre's top officials for poor management leading to a sharp slump in staff morale.

"The most shattering aspect," the union says, "is that much of the responsibility for the Centre's failings lies at our own doorstep...and in particular at the senior level where decisions are finally made." The union lists a whole catalogue of bad decisions by senior management and says that its members have nothing to fear from an outside inquiry. These latest allegations of lengthy delays and costly errors are not the only problems the Centre has faced in its short

commercial and private drivers and 19m cars at present in the UK, compared with 5.4m drivers and 4.1m cars in 1949. The number of cars being licensed is growing at the rate of 1.5 per cent a year.

As part of Government's location policy, Swansea was chosen as the home for the new computerised records and administration of driver and vehicle licensing. The complex, which is 16 storeys high, sits on a site about five miles from the town centre. But even this mammoth accommodation is not enough: the Centre has been forced to spill over into other offices in the

DAVID CHURCHILL on the Swansea Driver and Vehicle Licensing Centre

history. It started off on the wrong foot by costing more and taking longer to become operational than expected—problems that received a sharp rebuke from the powerful Commons Public Accounts Committee. Then in 1976, the Government was on the verge of shutting down that part of the centre responsible for motor taxation in order to reduce Civil Service manpower.

Eventually it decided against this—but last year the Centre's staff refused to handle the so-called "cherished" transfers of personal number plates. And the centre is currently repaying up to £1m to almost 100,000 motorists who may have been misled last year over the terms of the rise in vehicle excise licences. This followed an Ombudsman's decision that three people were misled at the time.

In one sense, however, the Swansea Centre was a victim of circumstances. It was conceived during the 1960s when the "big is better" philosophy was rampant. The 1965 Waller Report recommended that driver and vehicle licensing should have "a central office, of considerable size, with a large automatic data processing system." This was to replace the previous system under which the driver and vehicle licensing was carried out by 183 local offices by local authorities. They were fast becoming un-

able to cope with the explosive growth of motoring. During the 1960s there was a 50 per cent increase in the number of drivers and a 60 per cent increase in the number of vehicles. There are about 22.5m

items of mail every day—more than twice the rest of Swansea's private and business mail put together.

License applications are checked for obvious errors—about 5 per cent are immediately returned for correction. All documents are microfilmmed—it would be impossible to store records—and the microfilm retrieval area is the largest of its kind in Europe. As something like 100m transactions are made a year—the Centre deals with 25m applications from individual drivers and issues more than 45m driving licences—staff carry out comprehensive checks to try to reduce the number of errors. Data is often keyed twice into mini-computers to check for discrepancies.

Routine data processing, such as licence renewal reminders, is sent out, do not have to be laboriously keyed into the computers. Instead the data is fed into a special machine which "reads" the printed characters and converts them directly on to magnetic tape. The new information on tape is then fed into the Centre's three main computers to update existing records. A new master record, consisting of 250 reels of computer field.

of tape is produced each night. The computer automatically prepares tapes of documents to be printed and these are then run through high speed printing machines. Up to 500,000 of mail are sent out each month by the Centre.

With a daily computer check on all the Centre's records, it tries to ensure that no renewal reminder, for example, is missed—some 45m driver and vehicle records are processed each night. It is not surprising, therefore, that some errors occur.

The most frustrating type of error is that which leads to lengthy delays. In the system, some 93 per cent of applications are dealt with inside 10 working days, and about 96 per cent within 12 working days. But when weekends and public holidays are added to this, and allowing for postal delays, the average response is often weeks and often four.

The Centre's operating target is around a 95 per cent response within ten working days. At its present level of 93 per cent, it is hardly bad enough to warrant the abuse heaped upon it. And it is estimated that only one really serious mistake leads to long delays in a month every 100,000 cases.

Motorists who have a complaint or want some information clarified, write to the Centre. About 1,000 inquiries a day are received, about four out of every 10 are complaints—and these are dealt with by over 400 specialist staff.

This inquiry system has been one of the more successful examples of managerial initiative at the Centre. But, according to the union representing middle managers (the SCPS), the overall record of senior management at the centre has been less impressive.

One of the union's criticisms focuses on the running of the Centre. It is the general problem of finding and keeping the right calibre of personnel. Staff: Civil Service salaries for computing staff are about £1,000 below the current market rate and the demand for qualified staff in the private sector far exceeds the supply. It is even more difficult to attract top computer personnel to move to Swansea.

Such problems are well known to the Centre's top management and a recent Civil Service report agreed that there were personnel difficulties in the computer field.

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Main balance-sheet figures

Year of operation	End 1968	End 1972	End 1977
Capital	2,000	2,000	7,000
Capital & Reserves	2,148	4,085	28,608
Deposits	50,311	86,754	442,829
Advances	7,711	39,851	234,577
Contra-accounts	25,703	42,149	181,445
Total Balance-sheet	78,222	133,288	653,582
Net profit	322	908	2,215

(figures in thousands of Kuwaiti Dinars)
1KD = 2.90 US\$ End 1968-1KD = 3. - US\$ End 1972
1KD = 3.57 US\$ End 1977



Alahli Bank of Kuwait

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loans. And manage major international credits. We can also assist in generating funds in other capital markets, through our associates.

Of course, Marine Midland has the facilities to carry this out. With our base of international operations in New York City's financial district, we have 300 branches throughout the state, and key people in 22 of the world's major financial centers.

Some people may not expect all this from us. But after all, Marine Midland is the 12th largest bank in the United States.

MARINE MIDLAND BANK

All figures as of December 31, 1972.

How electronics pose two-way test of honesty

BY MICHAEL DIXON

IT COMES in a spruce pigskin case measuring about three feet by two feet by nine inches, and weighing some 25 lb. You could buy it for around £4,000.

It is evidently the latest word in the detectors. And Communication Control Systems of the U.S., which is to introduce the Voice Stress Analyzer to the British market at a London seminar next Tuesday, expects it to find growing use not only in criminal investigations, but also in more normal inquiries including job interviews.

The new machine does not have to be wired to the person being tested, as do the earlier devices which rely on physiological factors such as skin reaction to measure a human being's relative agitation when answering particular questions.

All you do is record the person's replies, either directly on the VSA or on a standard cassette tape recorder for analysis later.

Now do you need a trained specialist to interpret the machine's judgments. A normally intelligent person can apparently learn in a single day to operate the VSA, which throws up a running commentary of its findings on the built-in display and at the touch of a button prints any required reading on a paper tape for subsequent study.

When I went to see the device

the other day, I was looking forward to taking it on. My only doubt was whether, if I managed to deceive it, I would be wise to tell anybody.

But Communication Control Systems declined to give me a personal trial. The reason, they said, was that "this is not a toy."

Correct use should ideally start with a pre-test interview designed to assuage any incidental causes of stress which might affect the subject's answers to the interviewer's inquiries. Then the subject should be handed a written list of the questions to be asked, for study before they are posed verbally and recorded along with the verbal replies for the analysis.

Stress

The idea is that the subject will see beforehand when there are questions which he or she will be anxious about answering. By the time these are put verbally, the person will have built up considerable stress about them.

This stress will be reflected, the theory goes, by a change in the subject's voice at the extreme range of tone which, like normal breathing, is governed by the part of the nervous system over which a person has no voluntary control.

The change, although inaudible to human beings, is detected and measured by the electronic VSA.

It makes the measurement against a standard which is set for each subject by first asking control questions—like "Is your name Nathan Leatherbarrow?"—and adjusting the device so that it measures the necessarily truthful answers within a low range of scores, say 15 to 35, on the digital display.

When the questioning becomes investigatory, the stress which is associated with lying will be shown by a markedly higher reading of, say, 45 upwards. Given that the list of questions will test the same point in several ways, the company says that consistently high readings for answers on that point may be taken as at least *prima facie* evidence that the subject is lying about it.

Now, I have shown the foregoing description of the SA to three other people. In every case their initial reaction was much the same as my own. They felt it would be wrong to use such a device in everyday procedures such as job interviews. But they were unable immediately to say why.

After all, one can hardly object on simple moral grounds to people's having an electronically sharpened judgment

When decisions are to be made about other human beings. I think that nobody should rely on the judgments of a machine without first knowing beyond reasonable doubt why the machine is reliable. That implies understanding of the pros and cons of the electronic and behavioural theories on which the VSA is based.

The fact that irrefutably qualified experts believe in these theories is surely not enough to justify a layperson in relying on the device. For example, common sense indicates that one can often find more stressful to admit some discomfiting truth than to tell

a lie. Unless the user can personally understand how the machine is able to distinguish between possibly different causes of the vocal stress measured on the digital display, its use can hardly be justified.

To my mind, the only substitute for this detailed understanding as a basis for using the device, is for the potential user to undergo a personal test and see for himself whether the machine can detect the lies sprinkled among his answers.

The fact that the machine had worked with adequate accuracy in one's own case would, I think, be sufficient practical grounds for taking into account its judgment of others. But there is a problem. As the company said, the VSA is not a toy. Even the experts would not rely on it, I was told, unless the test questions were inquiring into matters which the subject might really be anxious to keep secret. So a personal test is certainly not something that could be carried out in public at next week's seminar in the Inn on the Park.

Indeed, seeing the sort of issues that had to be inquired about, even a keen potential buyer might have qualms about being tested in private. But without undergoing a personal examination, nobody who lacks detailed understanding of the device and its theoretical basis

would not in my view be justified in using it on anyone else. But satisfaction of either the personal test or the detailed knowledge criteria would not be enough by itself to put an end to the moral issue. The reason is that the device could be used to analyse people's voices recorded without their knowledge, perhaps over the telephone.

Immoral To use the VSA in that way would not only increase the risk of unreliable findings—from what the company told me, its claims of accuracy are based on the frank and open use of the machine as outlined earlier. Clandestine application would also be morally reprehensible.

It seems to me an absolutely necessary condition of honest reliance on such a machine that the user would be willing to change roles with the subject and submit to a similar test vice versa. Integrity begins at home. The best fate that I would wish anyone who used this or any similar machine under cover, is that it would show every subject to be lying about everything. Clandestine users could not then avoid looking in their own character for the reasons why they were not being told the truth.

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Lancashire County Council

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Further particulars and application form, returnable by 3rd July 1978, from the Chief Executive/Clerk, Lancashire County Council, County Hall, Preston PR1 6XJ quoting reference 72/385. Tel. 0772 54968, Ext. 547.

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Please apply, in confidence, to the Staff Partner,

Grieverson, Grant & Co., P.O. Box 191,
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★ British subsidiary of American International trading group is looking for a Chartered or Certified Accountant to act as financial controller and administrator. The Company is a ring-fenced member of the L.M.E. and also has a large physical business.

★ Applicants should preferably be between 35 and 55, must have considerable experience in international commodity trading, and be familiar with futures markets operations and related accounting procedures and computer control.

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The Managing Director
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Applications are invited from those professionally qualified or possessing a suitable degree, backed by actual experience in company matters.

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Please send full career details to:
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Candidates, male or female, should be qualified accountants in their mid-thirties with careers including an appointment of comparable seniority with substantial experience of financial planning and control. Experience in the preparation of Statutory Accounts, Pension Fund administration, Computer based systems and budgeting and forecasting techniques is also highly desirable. As a member of a small executive team candidates must be self motivating and able to demonstrate their ability to play an effective role in a job demanding wide flexibility.

Applications, in writing, should give full details of qualifications and experience and be addressed, under confidential cover, to:

P. C. Barrett, Secretary
HARTWELLS GROUP LIMITED
Seacourt Tower
West Way, Oxford OX2 6JP

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The successful applicant will be aged around 30 with excellent industrial experience and must be a self-starter with Board potential, which should be achieved within a short period of time.

Salary will not be an inhibitive factor in this appointment and the general conditions of employment include 4 weeks holiday, contributory pension scheme with free life cover, etc.

Please reply with full details, including present salary to:

THE GROUP FINANCIAL DIRECTOR
Box A6390, Financial Times, 10 Cannon Street, EC4A 4BY

THE ISLE OF MAN CIVIL SERVICE

Applications are invited from recent honours graduates in economics for the post of Economist on the staff of the economic section of the Treasury.

The post is permanent and pensionable on a non-contributory basis (save for deductions of 1% towards family benefits) and has a salary scale of £3,642 to £4,579 per annum.

The successful applicant will be concerned with the collection, collation and evaluation of information about the various forms of economic activity in the Island and the maintenance of an Index of Retail Prices.

Applications stating full name, address, date of birth, educational qualifications and experience should be submitted together with the names and addresses of two referees, to:

THE SECRETARY, CIVIL SERVICE COMMISSION
GOVERNMENT OFFICES, DOUGLAS
by the 14th July, 1978

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An experienced dealer is required to join an expanding trading room, who will be responsible for heading up the money market section which maintains active books in the major currencies including sterling. The successful candidate is unlikely to have less than five years' experience and must have a good knowledge of all related markets including C/Ds and arbitrage.

The successful applicant will be offered a comprehensive remunerative package in keeping with this important position.

Applications, which will be treated in the strictest confidence, should be forwarded to:

Mr. I. Bahmaie,
Bank Saderat Iran,
5 Lothbury,
London EC2R 7HD.



CLOVER LEAF GROUP FINANCIAL DIRECTOR

Clover Leaf, a rapidly expanding group of privately owned companies, market leaders in the Giftware Industry, manufacturing a wide range of quality table mats and kitchen accessories, sold internationally, wish to appoint a Financial Director to their group board.

Reporting to the Chief Executive, the Financial Director will have responsibility for development and implementing policies relating to the financial, accounting and computer activities of the group, including profit planning, cash management, tax problems, short and long-term financial activities, acquisitions and banking relationships.

The successful candidate will have outstanding leadership skills and be capable of operating as part of a small tightly knit team. A Chartered Accountant with experience in manufacturing, preferably a graduate, and a thorough background in accounting and finance are essential—age probably late thirties or early forties.

Remuneration, which will reflect the importance of the position will be by negotiation, but will be in five figures, plus bonus and normal fringe benefits, including a company car. The appointment is open to both men and women.

Please write with full career details to:
Chief Executive,
Clover Leaf Group,
Cheney Manor,
Swindon, Wilts. SN2 2PN.

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Due to expansion we are looking for

Works Manager—with extensive experience of textile printing, to be responsible for production and labour. Must have proven ability in management, industrial relations, production budgets. Able to maintain high standards of work.

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ALANGATE EMPLOYMENT AGENCY

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

Could replace the liquid crystal

DEVELOPED to the prototype stage at Laboratoire d'Electronique et de Technologie de l'Informatique (LETI) is an alpha-numeric display system that could compete with liquid crystals for use in measuring instruments, clocks and watches.

Although details have not been released about probable cost—it is described as "low"—the display, which works on electrolytic principles, suffers from very little loss of contrast with increased viewing angle from the normal, can operate over a temperature range of -25 to +50 deg C, and requires only one volt for operation.

It consists of a sandwich of two thin sheets of glass separated by a few hundred microns of electrolyte consisting of silver and sodium iodides in organic solvents. The underside of the top sheet is the active electrode and consists of a thin film of conducting oxide laid down in the shape of seven segment character bars. The other electrode is a thin layer of silver.

An interesting characteristic of

the cell is that within 200 milliseconds of the application of a negative voltage to any of the defined areas on the top electrode sufficient silver is deposited by electrolytic action to give a 50 per cent light transmission reduction: the character appears as a deep reddish brown on a light background. After this, the voltage can be removed and the character remains. Application of a positive voltage results in erasure in about the same time.

A drawback is that there is no threshold effect (silver starts to be laid down as soon as the voltage is applied) so that the device cannot be multiplexed. The memory effect is also of limited duration so that driving circuits must be able to erase and re-enter the data. If necessary, at the end of this period, power consumption for ten minutes character life is in the hundreds of microwatts region and devices have been successfully cycled ten million times.

More from the company at CEN-G 85X, 38041 Grenoble Cedex, France.

PROCESSES

Pictures will stay sharp

ALTHOUGH intended primarily for use with its new series of Litex matched films and processing solutions, Agfa-Gevaert's Rexox system which is intended to keep lith processing absolutely stable, is applicable to other lith films and is thus "open".

The lith process, which is an essential part of the work in plate-making, particularly for high-quality magazines, is highly sensitive to exhaustion as the film passes through the chemical bath, and to oxidation, simply through the exposure of the bath liquids to the air.

Rexox has been designed to provide two separate streams of replenisher—one to counteract exhaustion and one to offset oxidation.

Thus, one replenisher operates at a rate dictated by the area

of film passing through the bath in a given time while the other operates by adding small doses every 20 minutes. This means a lith system can be left for considerable periods unattended and the solution's strength will be accurately maintained ready for further work, without fuss or bother.

Daily check routines are simple and adjustment to controls immediate and the company claims that dot sharpness will remain the same months after pouring fresh solution into the machine. These claims are backed by some 18 months of practical trials.

Further data on the process and the Litex film series from Agfa-Gevaert, 27 Great West Road, Brentford, Middlesex. Tel: 880 2131.



TRANSPORT

Link-up at Leyland

CLOSER INTEGRATION of British Leyland Cars' operations at its 35 UK plants is being brought about by a new £1.4m computer data centre at Redditch, 35.

This is already saving £1.5m a year on expenditure at three original centres, despite the £3.9m annual operating costs including leasing computer time in Washington and Toronto.

In addition to more ordinary functions, the system, among the most advanced in Europe, is being used for monitoring warranty claims and customers' service documentation, preparing engineering manuals, and supervising quality.

Linked to the GPO Viewdata system, as is proposed, it could be used in factories to provide "electronic" notice boards.

At the Swindon body pressing plant, an in-factory installation produces a record of strain values which determine the quality of pressings and indicates malfunction when they fall outside parameters. It enables a foreman, who may be attending a worker participation or management meeting to be "beeped" to warn him a repair is necessary.

Redditch is linked to this system and can, if necessary, "beep" the foreman direct if its monitoring arrangement provides the necessary information. But its main function is to produce work schedules for the first to use ICL's new computer package specifically designed to ease the administrative work body plants like Castle

COMPUTING

Long arm of the machine

MAGISTRATE'S courts in Stockport and in Gwent are among the first to use ICL's new computer package specifically designed to ease the administrative work body plants like Castle

At Gwent the system will run on a newly ordered 2903 computer backed by five 7502 terminal processors and a pair of 7181 visual display terminals. Stockport magistrate's court will make use of a 1904A operated by the Stockport Metropolitan District Council and the court staff will gain access via three 7361 VDUs installed at the court and linked through a terminal processor to the main computer by phone lines. Gwent will have similar links between magistrate's clerks offices in Newport and elsewhere to the 2903.

Using the terminals police officers will send information about defendants and cases to the court's data bank held on the 2903. Summonses will then be produced and also supplementary documents such as warrants will be sent to a driving licence or other document to court.

As the date of the hearing approaches the system is programmed to produce two versions of the court list for the day: a short one for the magistrates, court usher and public and a full version which will form the court register.

After the hearing the sentence passed, if any, will be entered into the data bank via a terminal and the computer will then print notifications of fines, court orders and licence disqualifications or endorsement notifications. Statistical reports are also provided covering numbers and types of cases.

If money has to be paid the system will handle the accounting functions and take automatic follow-up action on unpaid sums or on court orders by producing reminder letters, summonses and warrants.

ICL is on 01-788 7272.

Aid for the legal profession

LEGAL computing takes a step forward this month with the formation of Oyez Computers, a Solicitors' Law Stationery Society group. This brings together the computer division moving across a scale of Oyez Services, which offers legal services for solicitors, barristers, accountants and commercial house Lane, Marlow, Bucks. (06284 7272).

The rings, each individually and accurately calibrated to register the moisture levels of various crops grown, are also 13 years has brought widespread acceptance of the benefits of the effect of different standard oven-drying methods on crops.

Because official methods of in-house system products and the British feeding industry and Intervention (EEC standard) have been differing moisture content by up to 1 per cent, the company says that this potentially complex and confusing situation can now be eliminated by the use of the Grain Moisture Analyser (GMA) 11 system, and it should be impossible to confuse scales for different grains as only one can be used on the instrument at a time.

Culmination of the company's work in the legal sphere—the largest market—was the recent introduction of on-line legal accounting, with an option for solicitors to take new services over the same equipment as they are developed.

Oyez Computers, 237 Long Lane, London SE21 4PU. 01-407 8066.

WELDING

Portable machine

DESIGNED FOR professional and semi-professional use in a tough yet portable electric arc welding unit from Camping C&L International, 126 St Leonards Road, Windsor, Berkshire (Windsor 53011).

Called the Ektra 320, it has a three-phase output, 50, 75 and 105 amps, and will use electrodes from 1.6 to 3.2mm. It measures 7½ inches by 12½ inches by 8½ inches.

The face mask and scaling hammer are supplied complete with the unit and the electrodes sold separately.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its over-seas broadcasts.

AGRICULTURE

Determines moisture in grain

GRAIN moisture measuring devices, which use a "reader" instead of the conventional pointer moving across a scale, has been developed by Oyez Computers, Lane, Marlow, Bucks. (06284 7272).

The rings, each individually and accurately calibrated to register the moisture levels of various crops grown, are also 13 years has brought widespread acceptance of the benefits of the effect of different standard oven-drying methods on crops.

Because official methods of in-house system products and the British feeding industry and Intervention (EEC standard) have been differing moisture content by up to 1 per cent, the company says that this potentially complex and confusing situation can now be eliminated by the use of the Grain Moisture Analyser (GMA) 11 system, and it should be impossible to confuse scales for different grains as only one can be used on the instrument at a time.

More from 18A, Bridge Street, Caversham, Reading, RG4 5AA. Berkshire 0734 479936.

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Bayerische Landesbank Update:

Balance Sheet Total reaches DM 58.2 billion

International Presence and Service Facilities further extended

Highlights from the Balance Sheet as at December 31st, 1977

Assets	(in DM 000)	Liabilities	(in DM 000)
Cash	837.7	Due to banks	13,606.9
Bills	364.8	Other creditors	5,961.7
Due from banks	11,125.1	Outstanding debentures	22,970.1
Treasury bills and other securities	4,744.0	Loans on a trust basis at third-party risk	6,734.3
Due from customers	26,769.9	Provisions	252.5
Loans on a trust basis at third-party risk	6,734.3	Nominal capital	550.0
Trade investments	389.8	Declared reserves	1,077.0
Land and buildings	240.4	Profit	47.3
Other assets	959.3	Other liabilities	1,145.0
Assets of Landesbausparkasse (Building and Loan Association)	6,042.3	Liabilities of Landesbausparkasse	5,852.8
Total	58,207.6	Total	58,207.6



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EARLY IN 1977, senior management at Courtaulds, one of Britain's biggest textiles and fibre groups, became aware that the company could not continue on its existing course indefinitely. Its liquidity was being "crucified" by the impact of inflation on a high-volume business, suffering from cyclically low profit margins.

However, the group's report and accounts published today highlight a remarkable turnaround in liquidity in the 1977-1978 financial year. Despite a marked fall in profits from £80.9m to £53.7m pre-tax, group net cash resources rose during the year by over £30m. That such an improvement could be achieved seemed unlikely even 12 months ago.

Early in 1977 the group's annual turnover was running at £14bn a year, and its inventories exceeded £400m—the equivalent of nearly 28 per cent of sales. Assuming inflation at 13 per cent, Courtaulds needed a pre-tax margin of 3.3 per cent on sales merely to finance higher stock values. In fact, profit margins in the year just ended were to work out at only 3.4 per cent.

To make matters worse, the volume of stocks had been rising as demand for textiles fell. In classic counter-cyclical fashion, Courtaulds had not cut back its production in line with demand, on the assumption that—as in the past—there would be major cost advantages in carrying high stock levels at the beginning of a recovery. In 1974, when the previous boom peaked, stocks were down to about 11 weeks of sales whereas by 1978 they were up to the equivalent of 14 weeks.

But 1977 was the year that something went wrong with the textile cycle. On previous form it should have marked the second and probably the strongest leg of an upturn.

Richard Lambert on the measures taken by one of Britain's largest fibres groups to avoid a liquidity crisis

How Courtaulds kept the inflationary wolf at bay

Instead the recovery, which had started to emerge in 1976, petered out and demand around the world slid away through most of the year.

Whereas profits were running at about half their previous peak levels, the group's stocks had risen by roughly £200m in value since 1974 and net cash resources—which had reached a high point of nearly £150m—were almost disappearing.

Management decided on three main courses of action. The first was to establish a two-tier system of interest charges on the working capital held by the operating companies. A lowish rate was levied on each company on that proportion of its working capital which was equivalent to the amount it held a few years earlier. A different and substantially higher rate was charged on the rest.

Obviously this meant that companies were being judged in an arbitrary and, in some cases, unfair manner by head office. But it concentrated attention on the cost of inflation and the urgent need to reduce stocks.

Next, Courtaulds devised a formula to penalise spending proposals which had a high working capital element. Effect-

ively it concluded that the UK in the autumn. It caused, recalls deputy chairman, Mr. Norman Smith, "quite a turmoil."

If a manager failed to pass the test in any area, he was required to show what steps he could take to retrieve the position within a given period of time. Typically these would include destocking, different pricing, or a change in the sales emphasis. If he was unable to show how this could be done, then the next step would be for central management to consider shutting down the product, the unit, or even an entire operation.

The idea was that in order to be viable, a product needed to generate enough cash to cover the effect of inflation on working capital tied up in it, together with the minimum capital spending required to keep it in operation, and its share of group financing charges.

These separate criteria were then defined in terms of a single cash margin. For instance, if a product's working capital was turned over four times a year and inflation was running at 12 per cent, then that part of the margin needed to cover inflation would be 3 per cent. The required cash margin was then compared with the actual return generated by each product and unit.

After a trial run in June,

the system was applied across decisions to take in the grey areas, where a business might have a very serious problem but still be worth supporting over the long-term. In a group composed of a large number of individual managements, it would have been fatal for Courtaulds to give the impression that it was prepared to cut off people's legs just to make them fit neatly into the picture. Mr. Smith is careful to point out that some products are still being produced which have not yet met their required margin.

There were other risks. It was important for middle management not to concentrate too much on short-term cash as against long-term profitability. A number of senior finance directors among the operating companies started to incorporate the formula into their reporting systems. They were told firmly that this was a one-off project, once completed, that was it.

The achievement of the cash self-sufficiency exercise, says Mr. Smith, "is that it encouraged management to be prepared to sacrifice profit in conventional accounting terms for this year, in exchange for a real cash improvement. They

But there were much harder

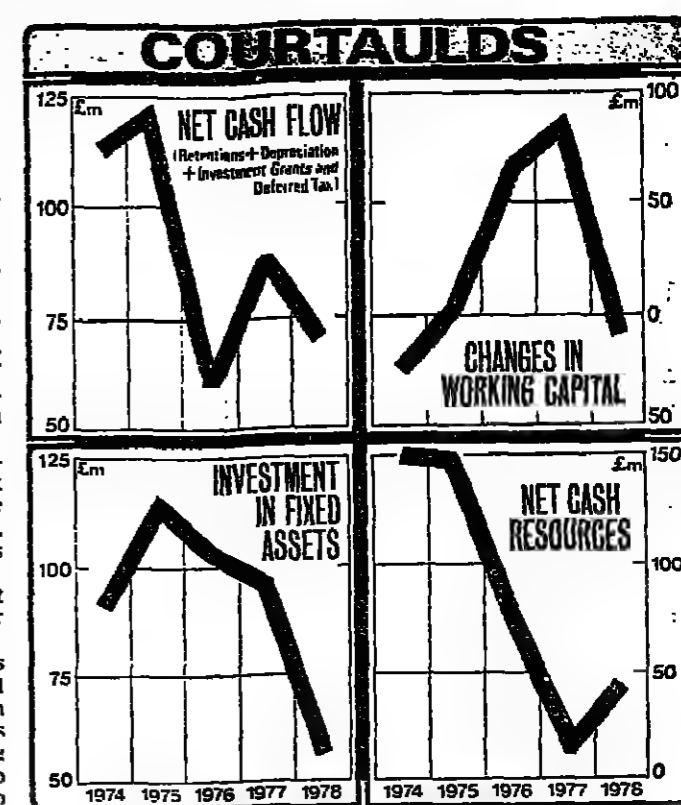
would be loth to do this under the normal system of reporting, whereby they are assessed on profit performance."

In financial terms, the results were dramatic. In a year when the group's costs were still running at a double figure rate of inflation, working capital fell by £9.2m. In 1976-77, it had jumped by £83.1m. In some product areas the contraction was even sharper. The volume of fabric stocks, for instance, was cut back by about 30 per cent, which translated into a fall of about a fifth in cash terms.

In the first half of the financial year, Courtaulds had a net cash outflow of £17m. In the second six months, by contrast, it generated a net cash surplus of nearly £50m.

This turnaround was not simply the result of tighter controls on working capital. In addition, the group's spending on fixed assets had been falling back sharply from the peak levels of the mid-1970s when a number of very big projects had come together to take the annual figure up to over £100m. The Lancashire spinning operations had been substantially re-equipped by 1974, and elsewhere the group had a number of very large new installations which as a result of the recession had never reached anything like their rated capacity. These included the Letterkenney polyester filament plant in the Republic of Ireland, the Campsie sheet and workwear factory in Northern Ireland, and the Belmont weaving shed in the North-East of England.

As a result, the capital spending screws could be tightened considerably without causing lasting damage to the group. In the preceding five years, investment in fixed assets amounted to £444m, far in excess of depreciation provisions totalling



£247m. In 1977-78, spending fell to £36m and was comfortably covered by an historic cost depreciation provision of £68m. Courtaulds has come through the recession in far better shape than most of its competitors. Whereas the European fibre industry as a whole probably lost more than £400m in 1977, fibres and yarns accounted for well over half the group's profits of £58m from textiles and related activities in 1977-78. One explanation is its commitment to the more buoyant cellulosic fibres as opposed to the heavily depressed polyester, nylon, and acrylic fibres. In addition its

balance sheet remains firmly based, despite the heavy cost of mismatched foreign exchange loans, and there is a comfortable margin of liquidity. However for three years now the group has earned an inadequate return on its capital employed of over £60m. The trading outlook remains uncertain, and although there are indications of firmer demand coming from the retail end of the trade, Courtaulds has no intention of rebuilding its stocks in anticipation of market performance. Despite the big cash turnaround in 1977-78, management still has quite a few hurdles left to overcome.

Circuit breakers: the short cut to fuse box safety

THE INCREASING enthusiasm of governments and international bodies for all aspects of safety is soon likely to force managers and householders to take another look at that much neglected piece of equipment: the main fuse box.

There in a dark basement or underneath the stairs, will be found an array of rewirable fuses which most people never see except by the light of a flickering candle. Now after many decades of service these fuses are probably nearing the end of their days.

Indeed the UK is one of the few developed countries where

the rewirable fuse is still widely tolerated. In France, Germany and the U.S. the more expensive circuit breaker has long ago taken over on grounds of convenience and safety.

In the last few years, it has been realised that circuit breakers can offer not merely convenience, but important safety factors which it is essential for companies—and desirable for householders—to understand.

Apart from the commensurate

need to make factories and offices as safe as possible, employers will have to consider the liability that could arise in the case of an accident. Even an accident caused by a faulty appliance or the incorrect wiring of a plug could rebound upon a company if its electrical installation were shown to be inadequate.

In the past it was generally considered that the ordinary fusing systems were all that was needed.

Now, however, there are two types of circuit breaker available which offer additional protection. Perhaps the most important is the earth leakage circuit breaker (ELCB) which is fitted near the main fuse box and protects people throughout the house or office from the danger of electric shock. The second type, called a miniature circuit breaker (MCB) is a direct substitute for the ordinary rewirable fuse, and is plugged into the main fuse box, one for each circuit.

Both types of circuit-breaker will cut off the supply as soon as they detect a surge in the current caused by the short-circuiting of a live wire to earth. An MCB can also detect a slow overheating of the wires which could be caused by a fault not serious enough to blow

a fuse. More important from the safety point of view is the ELCB, which will cut off the supply as soon as a person touches a live wire or a part of an appliance which has become accidentally electrified.

The ELCB can detect the fact that a small amount of current is escaping to earth and can therefore give protection, which is impossible with an ordinary fuse.

The extra safety which it gives to a whole circuit has already been recognised by brewers, for example, who generally insist that sockets in damp places like pub cellars should be protected by an ELCB. Although the cost, at around £20, is much higher than that for an ordinary fuse it can only be a matter of time before trade unions and safety bodies insist that all electrical installations are protected in this way. Although use of the ELCB cannot absolutely guarantee that people touching live wires will escape electrocution, it reduces the risk to minimal proportions. For this reason, it is likely that most international specifications will soon include a requirement for ELCB protection. In the UK local authorities are already insisting on their use in such places as old people's homes and student hostels.

The prospect of a major faces stiff competition for the changeover to circuit breakers in domestic and commercial installations has presented an interesting challenge to manufacturers of fuses and sockets.

George H. Scholes which makes the Wylox fusebox and consumer unit which is almost standard through Britain has bought in technology from abroad. It now makes a range of ELCBs under licence from Felten and Guilleume of Austria. Although Scholes has been the dominant supplier of fuseboxes with 75 to 80 per cent of the domestic market, it now

advertising aimed at the consumer. Instead, his firm will be directing its efforts towards the contractors and large customers like local authorities and to enlisting the support of electricity boards. Mr. McDowell says: "One of our problems is that 80 per cent of electrical contractors do not know how a circuit breaker works, so they are reluctant to advise customers to fit them, especially as they are anxious to tender at the lowest possible price."

In the longer term Scholes is hoping a greater public awareness of safety will enable it to develop intruder alarms and other devices. Linked to the

main fuse box, they could deter burglars, for example, by switching lights on and off in sequence.

More immediately, it is moving into the industrial and commercial market for distribution systems with a new circuit-board in which the MCBs are pre-wired for the contractor. In this way the company hopes to increase acceptance of MCBs because contractors will not be concerned with any of the box's internal wiring.

This policy is an insurance measure against the inevitable decline of the domestic fuse box—the company's staple product at present.

Max Wilkinson

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it.

But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

This is where Army Benevolence steps in. With understanding. With a sense of urgency... and with practical, financial help.

To us it is a privilege to help these brave men—and women, too. Please will you help us to do more? We must not let our soldiers down.

The Army Benevolent Fund

for soldiers, ex-soldiers and their families in distress
Dept. FT, Duke of York's HQ, London SW3 4SP

We want your board of directors to decide the future of the Red Cross.

Unlike most businesses, inflation and rising costs don't eat away at the profit margins of a charity. Simply because there is no profit.

Instead, they effect us in another way that has more serious consequences both in the short and long term.

Since the Red Cross has no profit as a cushion against inflation, this has to be covered with money from reserve funds. Funds that would normally be held back for emergencies or special international projects.

In just two years, the cost of equipment and relief supplies have risen dramatically. For instance, the cost of an Ambulance has increased by 40%. A wheelchair by 55%.

Unless something is done now, our future could be in jeopardy.

This is why we are asking your board members or their charitable trust to consider whether they can help the Red Cross.

The Red Cross

If you would like further information about the Red Cross, please don't hesitate to get in touch with Derek Barson, Director General, The British Red Cross Society, 9 Grosvenor Crescent, London SW1X 7EJ

Business Books

Corporate Development in the Middle East, by Robert Nelson. Gyez Publishing. Price: £15. Tyne is directed at the senior executive whose company is either planning or undertaking business operations in the Middle East, and provides guidance on commercial law and practice.

The Challenge of Management, by Alan M. Glasman. Wiley/Hamilton. Price: £4.20. This is a textbook designed to supplement the learning experience in the introductory management and/or organisational behaviour course.

Success in Law, by Richard Bruce John Murray. Price: £2.50. The general principles of English law are set out in this book in a way that relates theory to action and which shows its relevance not just to the individual but also to society as a whole.

Promotional and technical literature for export sales to the Arabic-speaking countries of the Middle East and Iran must be translated and typeset in the idiom and style the market demands, by specialists

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Tyne and Wear
County Council

To: Peter Waring, Industrial Officer,
Tyne and Wear County Council, Sandyford House,
Archbold Terrace, Newcastle upon Tyne 2.
Telephone: 0632 816144



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Company

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Self-doubts in the U.S.

BY DAVID LASCELLES IN NEW YORK

ONLY IN THE U.S., one imagines, would they have got the business of measuring consumer confidence down to such a fine art that it can be recorded on an index that goes up and down. But such is the case, and when the New York conference board updated its index this month it showed a further drop to 85.5 on a scale where 100 is 100.

But the board was only recording in figures something that is obvious to most people who have heard the news on the radio, seen it on television and read the papers here. Even though the index is a measure of the past, there seems to be a sense of gloom about it, which is most striking to newcomers like myself. There is a feeling that for some reason or other things are not working out. Some people even refer darkly to historic turning points and wonder whether things will ever work out at all.

of labour productivity. To most Americans, hard work is both an ethic and the demonstrated basis of their great economic strength. That productivity should now be weakening strikes a lot of them as a sign that something is gnawing away at those foundations.

Another worry is the loss of creative edge which, like labour productivity, has made America what it is. Although the U.S. abundance in gadgets which ordinary Europeans have not even heard of is alone a chance to buoy the situation, the President's chief domestic policy adviser to draft a more realistic spring strategy. "There has recently been a perceptible decline in the kinds of industrial innovation needed to ensure both economic expansion of our industrial sector and continued U.S. technological superiority."

World stage

It comes as something of a surprise to discover that in the places that matter, like New York and Washington, people can be so anxious about what the future holds, and for Britons, the stream of self-critical and morale-sapping items in the Press and on TV look depressingly familiar, especially when other countries are held up as exemplars.

It is easy, of course, to get the wrong impression from what happens on the east coast. After all, Detroit is churning out thousands of cars a day, oil is gurgling out of Texas wells, and the harvest is ripening in the mid-west. But as the conference board's index showed, something is up, or rather down.

What seems to have added to these worries is the growing feeling of ineffectiveness on the world stage. It is because the U.S. has a President who finds it difficult to handle international relations, or is the country as a whole losing its grip, like other great nations in the past? The failure to get anywhere with the biggest competitor of all, the Soviet Union, either over Africa or disarmament, appears to have revived old fears about Communism. But because of the way attitudes are moving there is the extra chilling thought that the Russians could soon be in a position to overtake the U.S.

Absurd though it sounds, this idea crops up frequently in conversations among ordinary Americans. I have even heard well-educated young New Englanders express the view that the U.S. "peaked" in the early 1970s, and that the only way from now on is down. Meanwhile, the Russians are getting stronger, and spreading their influence to new parts of the globe.

I say absurd because, although Americans obviously have things to worry about, even the pitted streets and decaying buildings of impoverished New York can conceal from European eyes that this is a powerful country of a country where opportunity is wide large. Perhaps what Americans ought to be worrying about most is the fact that they are losing sight of their own wealth and strength.

Inflation

Economies have much to do with it. Inflation is getting worse, and people are wondering whether there will ever be an end to it. Then there is the energy problem, which has all sorts of ramifications. It is driven home to Americans that that resource which were once considered infinite will one day run out—a traumatic prospect which takes on almost metaphysical dimensions here. And, Congress failure to come up with an energy bill after more than a year's intense squabbling has raised questions about the country's ability to govern itself—again an awesome thought.

But then people start muttering about grave underlying trends, like the declining rate

TV Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University.
1.30 pm Raitime, 1.45 News.
2.00 Royal Ascot, 4.18 Regional News for England (except London).
4.40 Play School, 4.45 Gomer and the Ghouls, 5.05 Wildcrack, 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.30 Nationwide.
6.00 World Cup Report.
7.20 The Feather and Father Gang.
8.10 The Standard.

9.00 News.
9.25 How To Be Your Own Boss.
10.15 Cabaret Showtime with 11.00 Tonight.
11.40 Play Golf.
12.05 am Weather, Regional News All Regions as BBC 1 except at the following times:

Wales—6.55-6.20 pm Wales Today, 10.15-11.00 Wales Under Rugby Union, 12.05 am News and Weather for Wales.

Scotland—6.55-6.20 pm Reporting Scotland, 12.05 am News and Weather for Scotland.

Northern Ireland—11.45-6.20 pm Northern Ireland News, 5.55-6.20 pm Scene Around Six, 12.05 am News

Epsom backers should give Formidable another chance

BRITAIN'S annual racing showpiece, Royal Ascot—which for many is the social highlight of the year while for others it is the only chance in the year to see four consecutive days of top-class flat racing—gets under way again today with the ground

riding fast and forecasts of sunny settled weather.

This afternoon's opening day, which a year ago threw up only one surprising winner in Nanticoke, the heroine of the Ribblesdale, could again see selective backers coming out on top.

Two on whom I will be relying this afternoon are Coalminer, among the runners for the Group II Coventry Stakes, and one of the first representatives of a 44-strong Irish raiding party, and Formidable, who goes for the St. James' Palace Stakes.

Coalminer, for whom Vincent

O'Brien's former assistant trainer, Michael Kautez, has secured the services of Willie Carson, who took his place in the afternoon's possibly sub-standard line-up with a victory in the Curragh's Marble Hill Stakes last time out.

Sent into the lead a quarter of a mile out, Coalminer, a cheaply bought Welsh Saint colt out of that speedy mare Planissimo, made his 7,400 guineas yearling purchase appear one of the scoops of last autumn with a cleverly gained victory over Park Romeo.

If, as reports suggest, Coalminer is some way in front of Cap Ferrat and the remainder in Kautez's talented juvenile team, he will want a great deal of beating today.

I take him to justify his illustrious reputation with a clear-cut success over Lake City and Nocturnal Boy, both of whom may need more time before showing their true worth.

Peter Walwyn has made no secret of the fact that he still believes Formidable to be a top-class performer and to pose

putters who knew their fate with the Forli colt two furlongs from home at Epsom where he came to the end of his stamina in the Derby, will I feel sure be prepared to give him another chance in the one-mile St. James' Palace Stakes.

But for the presence of Persian Bold, a confirmed top-of-the-ground performer in outstanding trim at present, it would probably pay backers to opt for Formidable with confidence.

As it is, he can be only a tentative choice to confirm William Hill's Middle Park Stakes favourite, who is a proven winner in the Irish 2,000 Guineas and winner Jazeiro, both in the paddock and in the race.

RACING
BY DOMINIC WIGAN

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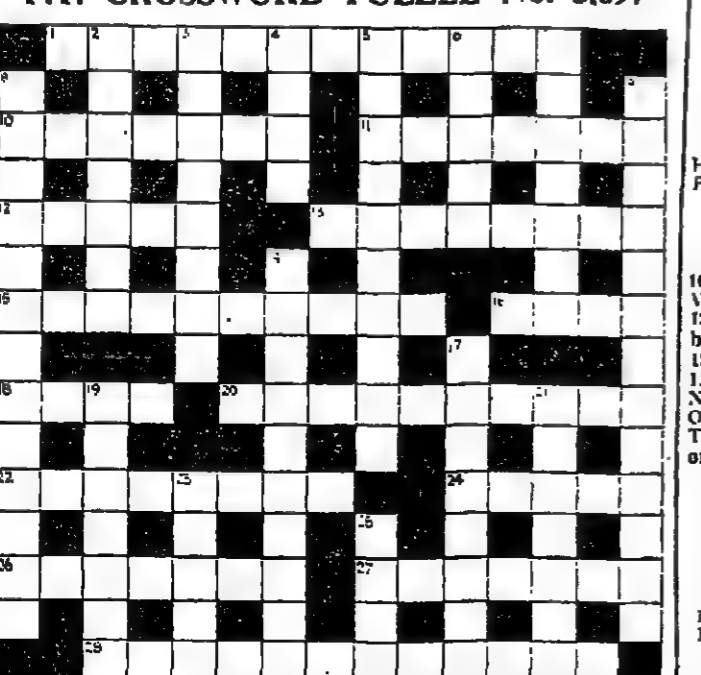
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F.T. CROSSWORD PUZZLE No. 3,697



- ACROSS**
- 1 Understand the issue and have a win in court (4, 3, 5)
 - 10 Standard author in Derby (7)
 - 11 Object to piece in paper (7)
 - 12 Driving fee to New York when small (5)
 - 13 Parent returns to commend estimate (3)
 - 15 Part of London in the Lords area (5, 5)
 - 16 Employer taking part of house reporter (4)
 - 18 Beatty's nonsense (4)
 - 20 Arrived in Street bundled like a carpet (8, 2)
 - 21 Month to desert at home with cheese (2, 6)
 - 24 Egghead to block bar (5)
 - 26 Sounds like pay for working in dark with chemical (7)
 - 27 Coin's got glass (7)
 - 28 Force spectators into reporters' seats (3, 7)
- DOWN**
- 2 Sportsman is not paid to take a friend to ancient city (7)
 - 3 Try one way to become a writer (8)
 - 4 Wine to take to uncle's (4)
 - 5 Part of Derbyshire comes to full stop at busiest time (4, 6)
 - 6 Part of train terminal in Bury (5)
 - 7 Strategy of saying the right thing to Civil Service in India (7)
 - 8 Spread intelligence among fools (13)
 - 9 Pole reads two papers (9, 4)
 - 14 Wine (51) on point of causing obesity (10)
 - 17 Bloomer depressed lovely girl they say (8)
 - 19 Begin to snore to get switched on (5, 2)
 - 21 More stupid point to row (7)
 - 22 Stone a crowd at football match (5)
 - 25 Part of world where first-class sex-appeal turns up (4)

LONDON

9.30 am A Diary of Civilisations.
10.20 "Small Miracles" starring Vittorio Gassman, 11.40 Dynamite, 12.00 Last Tango, 12.10 pm Rain-bow, 12.30 News plus FT index, 12.45 Help! 1.00 Parent's Day, 1.30 Crown Court, 2.00 After One, 2.25 Letter Day, 3.30 Once in a Lifetime, 4.00 Cartoon Time, 4.20 Play, 4.45 Extraordinary, 5.15 Emmerdale Farm, 5.45 News, 6.00 Thames at 6, 6.25 Crossroads, 7.00 On the No. 10, 7.20 David, 7.30 Charlie's Angels, 8.30 Life Begins at Forty, 9.00 Will Shakespeare, 10.00 News, 10.30 Nuts and Bolts of the Economy.

GRAMPIAN

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WESTWARD

9.30 am First Things, 9.55 Teatime, 10.20 "Small Miracles" starring Vittorio Gassman, 11.40 Dynamite, 12.00 Last Tango, 12.10 pm Rain-bow, 12.30 News plus FT index, 12.45 Help! 1.00 Parent's Day, 1.30 Crown Court, 2.00 After One, 2.25 Letter Day, 3.30 Once in a Lifetime, 4.00 Cartoon Time, 4.20 Play, 4.45 Extraordinary, 5.15 Emmerdale Farm, 5.45 News, 6.00 Thames at 6, 6.25 Crossroads, 7.00 On the No. 10, 7.20 David, 7.30 Charlie's Angels, 8.30 Life Begins at Forty, 9.00 Will Shakespeare, 10.00 News, 10.30 Nuts and Bolts of the Economy.

RADIO 1

9.30 am News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 News, 6.00 News, 6.30 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 News, 6.00 News, 6.30 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 News, 6.00 News, 6.30 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 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Paris Theatre 2

Arrabal and d'Annunzio

by GARRY O'CONNOR

The "Lucernaire," in Montparnasse, is a cultural phenomenon which may be the pattern for the future in a city of diminishing theatre attendance. Concentrated in one building are two theatres, two cinemas, an art gallery, and a concert hall, and from 6.30 in the evening to midnight are mounted some dozen or more shows of one kind or another. The economical use of staff in such an enterprise is at once evident (a statistical study of employment in the theatre would no doubt show that while the number of actors has remained steady or possibly declined, the number of theatre staff has increased manifold). But the advantages to the public are also great, in so far that during the playing hours there is an almost permanent sense of event.

At the moment there are three separate performances, each seeing a new Arrabal, unusually farcical for this author: an old Marguerite Duras, *Les Enfers*, in which Claire Deluce plays an early play by the Italian poet d'Annunzio, one of those pieces of textual re-use by a director flagrantly in abuse of an author's intention, which happily on this occasion works well.

To celebrate his 30th anniversary as playwright Arrabal has taken a leaf perhaps out of his fellow absurdist, Tom Stoppard's, book, and produced a high spirited skit on politics. The welcome element in *Punk*, by Arrabal, is the speed at which the typical Arrabalesque fantasy unfolds. Two secret agents, one a Chilean, the other a Russian, sleep in adjoining rooms in a hotel, both apparently telephoned by the same headquarters. They are also transvestites, one as a Red Indian, the other as a Wagnerian prima donna, while in addition the Russian operates a flea circus, and they are soon joined by a widening circle of vaudeville artistes: a former S.S. agent, a Klu-Klux-Klan leader, induced by a dose of nitium, and so on. Arrabal's idea is that what

corrupts man is his appetite for power (nothing new here), and that what he ought to do is to accept love (even if, in his case, it is too often offered by a man in knickers and suspender belt). In Georges Vital's athletic production, and with suitably burlesque and dead-pan performance from Jean-Pierre Leroux as the Chilean and Gerard Hernandez as the Russian, the well-disciplined frolic hardly better for being free from Arrabal's usual purple passages. Although one paper's headline when this play opened several weeks ago, proclaimed that "Arrabal vitrolle toujours," this striking phrase seemed largely without foundation.

At the opposite end of Arrabal's power-abusing anarchy, and at a later hour of the evening, Gabriel d'Annunzio's curious piece, *La Gioconda*, is also enjoying a successful run here, with some outstanding performances from Eleanore Hirt and Genevieve Brunet. The director, Jean Lousier, is, in his approach to this piece of what now seems decadent romanticism, is to infer it with delicate irony, a tactic which seems to go down well. d'Annunzio's elegant phrases are even pronounced in mock Italian tones, while the actors behave with exaggerated gestures, to match the precious sentiments of the sculptor whose mistress separates him from his wife by inflicting his notion of creating a masterpiece, and who suffers from mysterious maladies. It is a character whose lofty extremes seem worthy only of condescendence.

His great work is almost destroyed by his mistress, but saved by his faithful wife who loses her hands in execution of this tall tale. It is stylishly performed by all the cast, but except for a touching encounter between the wife and a graceful nymph, it left me feeling that while I was happy to have become acquainted with d'Annunzio as a playwright, his theatrical love affair with the celebrated Eleanore Duse still held more intrinsic fascination.

Hamburg

Don Carlos

by ELIZABETH FORBES

There are almost as many varieties of Verdi's *Don Carlos* as there are of a well-known brand of tinned soup. The Hamburg State Opera's recent production uses the revised critical edition prepared by Ursula Günther and Lucian. This is a five-act version (sung in Italian at Hamburg), with the first Fontainebleau act in the form it had at the Paris premiere in 1867 and the remaining four adhering basically to the composer and first performed at La Scala in 1889, and variations deriving from the earlier text. There is no masquerade in Act 4 — and no ballet either — but part of the confrontation between Carlos and his father after the death of Philip, whose has been retained, while the finale to the last scene of all is expanded.

All the extra material involves the title role, and Jean-Pierre Ponnelle places Don Carlos firmly in the centre of his production. Almost equal importance is accorded to the Emperor Charles V, whose role forms a constant feature of Mr. Ponnelle's majestic sets. At curtain-rise Carlos is discovered praying before his grandfather's monument; the forest of Fontainebleau seen through his imagination with starling glimpses behind a screen of sound, and the second act, in the monastery of St. Juste, follows without a pause. The stage is dominated by an immense crucifix, while equally colossal figures, richly clothed skeletons with skulls instead of faces, line the wings.

These figures, occasionally comment, as it were, on the action by gyrating away from or towards the characters: one such movement in Philip is quite breathtakingly effective. The auto-da-fé, with only two victims but a multitudinous crowd filling the stage in Pet Hammet's sombre costumes, is impressively staged, while the final scene, as King in judgment high above the kneeling figures of Don Carlos and Elisabeth, causes a genuine stab of terror. The attempt is made to identify the monks with Charles V, Carlos hears a voice that seems to emanate from the Emperor's tomb, and falls dead before it. His epileptic tendencies have been established from the opening scene.

Vassil Moldoveanu, who sings Carlos, brings a handsome, youthful appearance and a sturdy voice to the role. He can fulfill the considerable dramatic

demands made on him by the producer, and is especially successful in conveying the depths of Carlos's despair in the second of the three duets with Elisabeth. Mara Zampieri, who took over the part of Elisabeth at relatively short notice, has a vibrant, rich-toned voice that can take on a silver purity of timbre when appropriate, as in the farewell to her lady-in-waiting, which she phrases—both verses—with touching gentleness. Victoria Consolida, subduing the flamboyance of her usual performance of Eboli to a more subtle conception of the character, makes heavy weather of the Veil Song, but predictably raises the roof in "O Don Carlos".

Nicola Ghiuseu makes a lovely, reserved Philip, whose feelings as husband and father are sacrificed to his duty as a ruler. His sincere and moving account of "Ella gl'ammiu amano" gains in effect from this harsh self-discipline. As Posa, Vincenzo Cardinale presents an idealist of uncomplicated honesty and loyalty. He sings his farewell to Carlos with serenity, happy to die for his friend. Harald Stamm's husky-voiced Grand Inquisitor is chillingly impersonal in absolute authority. Olive Friedricks makes a sprightly Tebaldo, while Carl Schütz intones resonantly as the mysterious Monk. The large chorus is well-drilled and produces a mighty flood of sound. Miguel Gomez Martinez conducts, sharing the score in long spans that weld the individual sections of the work into an absorbing drama.

'A Family' at the Haymarket

A Family, a new play by Ronald Harwood, opens at the Haymarket Theatre on Thursday, July 6, with previews on July 4 and 5. The cast includes Paul Scofield, Harry Andrews, Eleanor Bron, Trevor Peacock and Irene Handl. The play is directed by Peter Benison with lighting by Michael Williams.

Gainsborough painting Lord Donaldson, Minister for the Arts, has accepted the recommendation of the Standing Commission on Museums and Galleries that the painting, *Greyhounds Confronting a Fox* by Gainsborough, accepted by the Rosebery and in lieu of estate Government, should be allocated to a duty should be allocated to the Bequest, Kenwood House, London.

Washington D.C.

A National Gallery's new extension

by WILLIAM PACKER

All National Galleries are worth travelling some way to see, but not always for their architecture; and so, when a great collection is significantly augmented by the accession of bricks and mortar, we can only applaud. The new East Building of the National Gallery of Art in Washington, it is true, has excited its fair share of controversy: modern architecture makes as many people nervous as does modern art—and, in a city as unlucky as Washington has been in its more recent public buildings, we can hardly blame the natives for being at times just a trifle nervous, as their best view disappeared behind yet another pile. Now that it is up and open, spoiling the summer sunshine, they are all delighted, and so they should be. And even the New York's gibe, that only in Washington would an ordinary building, by his own standards, appear remarkable, need not rankle over-much.

The East Building is indeed extraordinary, and not only in its external appearance, for it marks a level of private generosity that, even on the scale of American benefaction, stands extremely high. Just as his father, Andrew Mellon, built and gave the National Gallery itself to the nation, some 40 years ago, and his collection to go with it, so his son Paul has built and made a present of this fine extension; and, in accepting it, President Carter made clear that the federal government would always fund it. It occupies an awkward but spectacular site, pointing the blunt arrow made between Madison Drive and Pennsylvania Avenue straight at the Capitol.

The architect, I. M. Pei, has designed what looks from the outside, and especially so from a distance, like a fortress of some kind, with impressive towers and curtain walls, and a deeply guarded entrance; but its elegant geometry, the sharp, clean lines, its sheer and unmistakable stylishness, make it far from daunting a cultural block-house.

And, once inside, Mr. Pei's cleverness is even more apparent. The trapezoid ground-plan is resolved essentially into two triangles, which between them take care of the twin functions of the building, the smaller, right-angled figure housing the study centre, the larger isosceles, the more naturally public part, with its base indeed forming the entrance front, given over to exhibitions.

But entrance brings with it a considerable surprise, for the visitor enters into a large, covered court, ringed by wide balconies, that would seem to use up all the available space, giving us plenty of room to move in; but where on earth is the Art? A huge Calder swings lazily over the central courtyard, a large Caro perches oddly on a high shelf, rather losing its true scale—and, apart from one or two other commemorative commissions, a Miro tapestry, a new Motherwell, a dominating Moore outside the door, there is hardly a thing in sight.

There are in fact six exhibitions tucked away somewhere, not all of them equal in size or ambition (more of that in a moment), but all meant to be of some consequence, all of them seduced and somewhat in awe of the monumental overkill suggested by the towers, which each contain suites of galleries

on three levels, linked where possible within the curtain wall, providing an exhibition area infinitely more extensive and adaptable than we might at first have supposed. And below ground is the largest exhibition space of not well able to test the largest of shows and curricula, until September 4, of "The Splendor of Dresden."

The Museum, naturally enough, would wish to bring in this new era in its affairs as it must wish to continue, and all six shows do have a certain potent air to them; but securing the Dresden show, though it goes on to New York and San Francisco, was a great coup; and here it comprehensively overshadows the others. Subtitled "Five centuries of Art Collecting," it is a package sent over by the East German Government that is literally dazzling in its detail, disconcerting in its variety, and almost stunning in its splendour, which is not to complain, for all that one risks severe spraining of the sensibility with the sudden leaps one asks of it—from armour to porcelain to pictures to diamonds. It is almost too much, like trying to take in the *W and A* in one go; but not quite.

The Electors of Saxony were at various times, in the sixteenth and eighteenth centuries particularly, prodigious collectors; and their treasures, though now dispersed amongst Dresden's many State museums, are the heart of this show. They are shown to us group by group, museum by museum, masterpiece after masterpiece; and even the most faithful of specialists must be seduced and somewhat in awe of the monumental overkill suggested by the towers, which each contain suites of galleries

Among the numerous producers of the Italian underground theatre, Memè Perlini is widely—and rightly—considered a leader. In a fairly free-wheeling world, he is notable for imposing discipline on invention. For avoiding the easy ego-trip in favour of dramatic communication. He has, by now, often left his Roman base for wider exposure. Hans Werner Henze invited him to the Montepulciano Festival (where he created a brief scandal by paying a room with dozens of pizzas); at Florence's Maggio musicale he presented a kind of opera, with the composer Marcello Panni.

But he is at his best when he is on his home ground, and he has recently been enjoying an immense success here with a version of Wedekind's *Spring's Awakening*, in the Teatro La Fenice. To understand the performance, you have first to know what this theatre is like: it is created in a vast, low-ceilinged basement, the garage of a huge block of flats in a new, anonymous quarter not far from the tomb of Caius Cestius (the Pyramid in question) and the English Cemetery. The play ranges through this broad, deep area; and the scenery—school desks, a brass bed, a harmonium, a coffin—moves with the players.

The players are very good. Perlini and his collaborator Antonello Aglioti (sets and costumes) use Wedekind's text to their own ends, but they understand and respect its spirit. Oppressive authority (Wendel's mother, the Schoolmaster) is set against turbulent, yearning, confused youth. And the oppression extends beyond the characters themselves: at one point, a looming, menacing World War I armoured car appears, and the tormented boy Melchior helplessly throws stones at it. Melchior is interpreted by Vittorio Vitolo, who manages miraculously to be both chubby and intense. The other bravura performance comes from Lidia Montanari (Wendel's), comical and charmingly silly at the start, then gradually more and more moving and disturbing until the narrowing finale of prolonged, unbearable, meaningful screams.

But it is wrong to talk of bravura. Perlini's troupe—4 dozen performers in all—very much a team. They are all, in unit, and bravura is not their aim. They create a space, it lasts for about two hours, and they seem, at the end, too short. The world that Perlini conjures up from Wedekind's play is unpleasant, a horror, but—finally—it is so real and fascinating that you are reluctant to leave it.

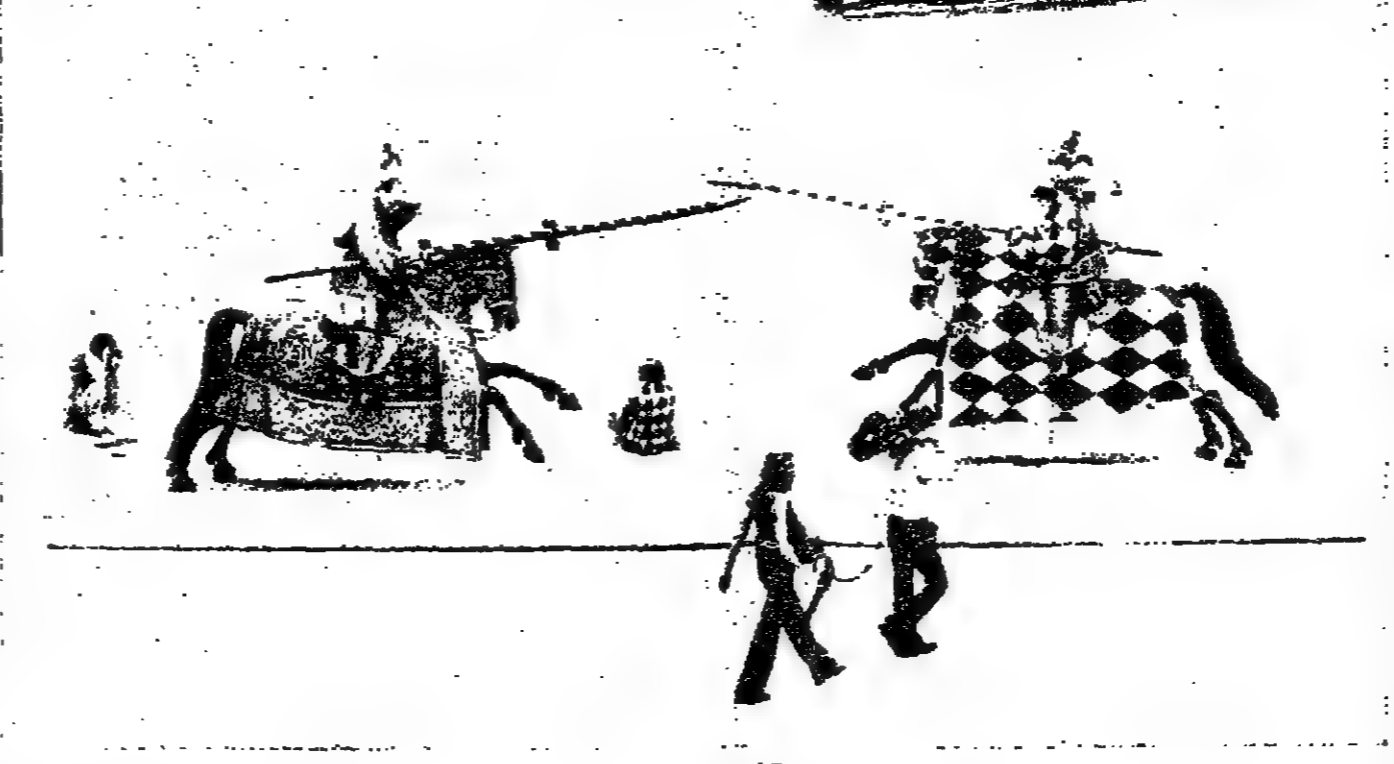
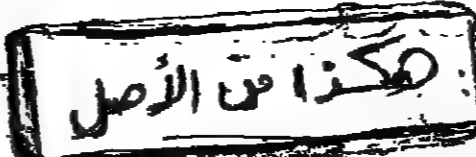
The other significant theatrical event at the moment in Rome is the production of Wagner's *Flying Dutchman* at the Teatro dell'Opera. It is interesting, and searching, and because it offers an index of the house's continuing climb from the depths of dreariness into which it had sunk during the old management. The orchestra, first of all, is showing great improvement and determination. Lovro Von Matacic, who is conducting these Wagner performances, is no superstar, but a solid technician, and this seems to be what the Roman players need just now. They obviously admire him and respond to him, successfully negotiating all the risky exposed passages of the score (woodwind and brass, especially, seem to be on their mettle). The chorus is also improving, though some steady sopranos would help.

The production is essentially Wieland Wagner's, borrowed from the Teatro La Fenice in Venice, where he staged the work some years ago, with his old Bayreuth staging as guide. Reproduced by Walter Eickner, an old Bayreuth hand, the Wieland view of the work holds up well.

Leif Roar, as the Dutchman, headed the cast. His is not an overpowering voice, but he impresses the audience thanks to his expressive, haunted singing. The character was sometimes immobile, but never static. Janis Martin's Senta, human and intense, had some shrill high notes, but was so engaging that one forgave them. Peter Meyen, as the rest of the cast did its job more than adequately.

This *Dutchman* was on the whole, a sound and enjoyable production, the sort of thing one goes to the opera house most of the time to hear, and in Rome—until recently—very seldom heard.

DAVID MURRAY



Tournament armour from Wittenberg and Dresden, mid 16th century

Aldeburgh Festival

A happy medium?

by NICHOLAS KENYON

As spring turns into summer, a perfect Suffolk weekend: the wind violent and invigorating, the sun brilliantly penetrating, the sea a ferment of constant renewal. Snape Maltings retains its un-earthy, isolated beauty, with only busy far-off tractor to disturb our cocoon-like world of artistic indulgence. There are John Piper pictures in the barn, Suffolk Churches photographed in the foyer, and engravings by Reynolds Stone in the bar.

The hero of this year's event is undoubtedly Modestus Rostropovich. Aldeburgh has given him a home and taken him to its heart—a capacity audience stamped with enthusiasm after his recital on Saturday night—of *Il Moderato*, given by the Festival Singers and the Northern Sinfonia under Peter Aspin in a discreetly cut version including all three sections, *Il Moderato* was often dropped by Handel for Charles Jennens' feeble vision of a middle way between Milton's two strongly-profiled characters makes a poor conclusion to the piece. But Aspin, who had a bad pre-concert fall, which may have accounted for some sluggish tempi through-out the afternoon) showed that this third part is worth doing if only for its languorous duet and solid final chorus. There is much more to reveal in, however, the evidence of this large choir characterised well both the hurly-burly of the town should still provide the highlights of most concern: his lovely, late, atmospheric *Suite on English Folk Tunes* was the first and best item in the *English Chamber Orchestra's* concert on Friday night: his *Hymn to St. Cecilia* was inappropriately sung by a solo quintet (though beautifully shaped by Peter Pears' direction) on Saturday afternoon.

But what is the evidence of adventurous renewal? The Festival must find a new voice, and it surely could not be content with this weekend's new work, the European premiere of Peter Racine Fricker's *Sinfonia for 17 wind instruments*. A gritty, nicely-pitched piece, putting a woodwind band against a brass ensemble, it provided some lively antiphony and lovely solo for Neil Black, but can scarcely be said to be an important work. The rest of the over-announced programme seemed to cultivate the miniatures, as if the strain of great music would be too much: a fragment of Janáček, a Poulenc *Sinfonietta*, a Holst *Lyric Movement*. The only exception was Beethoven's Fourth Piano Concerto, an odd intrusion into the ECO's light programme which missed completely. Dimitri Alexeev pounded the keyboard wildly, and distorted all the work's meticulous balance and rhythmic precision.

Sunday afternoon brought an interesting revival, however: Handel's *Allegro, il Penseroso*, and he, for his part, responded with playing overflowing with generous emotion. His bulging *Aspin* in a discreetly cut version including all three sections, *Il Moderato* was often dropped by Handel for Charles Jennens' feeble vision of a middle way between Milton's two strongly-profiled characters makes a poor conclusion to the piece. But Aspin, who had a bad pre-concert fall, which may have accounted for some sluggish tempi through-out the afternoon) showed that this third part is worth doing if only for its languorous duet and solid final chorus. There is much more to reveal in, however, the evidence of this large choir characterised well both the hurly-burly of the town should still provide the highlights of most concern: his lovely, late, atmospheric *Suite on English Folk Tunes* was the first and best item in the *English Chamber Orchestra's* concert on Friday night: his *Hymn to St. Cecilia* was inappropriately sung by a solo quintet (though beautifully shaped by Peter Pears' direction) on Saturday afternoon.

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The Spring Symphony was given a compact reading more notable than most for symphonic cohesion, with less feeling than usual that the work is a bumper English anthology-cantata, Eng. Mus. making once again with Eng. Lit. The distinguished soloists, Sheila Armstrong, Janet Baker and Robert Tear, were all a little subdued. Miss Armstrong was sweet and small-scale where a touch of amplexus would not be out of place. Dame Janet was infinitely delicate in "Out on the lawn" but it was the chorus not the alto, who brought home most sharply the feeling of thirty years' guilt and unease. Mr. Tear excelled in "When will my May come" but not in the usually irresistible "Waters above." A reminiscent of what Aldeburgh to be heard. What made the performance memorable was the singing of the chorus—attack, incisiveness, words, colour; everything in the Berlioz Overture ring.

The playing of Daphnis was fresh and lustrous enough (mercifully, not showing off with Ennio's "The Distinguished soloists, Sheila Armstrong, Janet Baker and Robert Tear, were all a little subdued. Miss Armstrong was sweet and small-scale where a touch of amplexus would not be out of place. Dame Janet was infinitely delicate in "Out on the lawn" but it was the chorus not the alto, who brought home most sharply the feeling of thirty years' guilt and unease. Mr. Tear excelled in "When will my May come" but not in the usually irresistible "Waters above." A reminiscent of what Aldeburgh to be heard. What made the performance memorable was the singing of the chorus—attack, incisiveness, words, colour; everything in the Berlioz Overture ring.

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VENEZUELA

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Money and wages

THE LATEST earnings survey shows that in the economy as a whole earnings are now 12½ per cent higher than a year ago, while in the production industries which used to be the basis of the survey the increase is 15 per cent. This divergence is a sharp reminder of what almost invariably happens during a period of relatively rapid growth.

This is a slightly disappointing result, of a 10 per cent rise, but hardly an unexpected one: the outcome for earnings in the whole economy could still be in line with forecast at 14 per cent or 15 per cent for the whole year, with production earnings perhaps a point higher. It is clear, though, that only a very sharp slowdown in earnings will keep costs in line with current inflation rates, let alone a further reduction in inflation; but it cannot be taken for granted.

Confidence

This conjuncture, which has been seen during the preparatory talking about the next wage round in each of the last two summers, is naturally hard for financial confidence: investors understandably want to wait and see. The point is made with some force in the latest quarterly bulletin from the Bank of England: and when the Bank argues that prospects for growth and real incomes as well as for inflation will be greatly improved if there is a moderate outcome, few will be inclined to argue.

However, there is one point missing from the Bank's analysis. It might be expected that the national monetary authority, responsible for seeing that monetary growth is kept within the official 8-12 per cent range, would offer a further and powerful warning: a sharp rise in costs would immediately put a strain on the available sources of credit, with a sharp rise in interest rates and an equally sharp fall in investment. This admittedly harsh and destructive mechanism is the means by which monetary restraint ensures that inflationary demands in the economy are rapidly self-defeating; and it is the general understanding of these consequences which gives trade union leaders a strong and positive interest in a rational level of settlements.

No movement on the West Bank

THE ISRAELI response to American questions about the future in five years time of the West Bank and Gaza Strip has not been as forthcoming and precise as it might have been. In one unfortunate sense this is no surprise because Mr. Menachem Begin, Israel's Prime Minister, is known to have strong views on these occupied areas and their Palestinian inhabitants. At the same time, the statement was bound to be vague because of divisions in the cabinet.

It was not unexpected that the four members of the Democratic Movement for Change, which has in general been opposed to Mr. Begin's policy on settlements in the occupied Arab territories, would not vote in favour of the statement. It was far more serious, however, that Mr. Ezer Weizman, the Defence Minister, a key man in preserving some semblance of a dialogue with Egypt, and one tipped as a possible successor to Mr. Begin, should not be able to support the announcement. This Mr. Begin got his majority—but only 14 out of 19 ministers—and avoided the indignity of defeat on a key issue.

Out of touch

Mr. Begin comes across as being out of touch with three groups of people in particular with a deep interest in peace in the Middle East. This stems in part from the historical peculiarity of Mr. Begin's position. After nearly three decades in opposition, and a troubled and painful past first in Europe and then in Palestine, Mr. Begin is acutely aware of the opportunity thrust on him of being the leader who could bring final peace to Israel. But as strong is his immersion in Jewish history which makes him reluctant to be the politician who signs away the historical homelands of Judea and Samaria (the West Bank).

Apart from members of his own cabinet, the first group Mr. Begin seems out of touch with is the Israeli public. The most

The Bulletin, however, appears to turn this proposition on its head. It argues that because financial confidence is weak, funding is a problem. Wage restraint thus becomes important to underpin monetary control, rather than the other way round.

The Bank would naturally not wish to defend a system of monetary control which will function only when other circumstances are favourable, but the passive tone of the Bulletin's remarks on monetary developments comes dangerously near to arguing that this is in fact how our own system works. There is also a strange lack of conviction about the relation between domestic monetary developments and the exchange rate, when the Bank remarks that the excessive credit creation in the first quarter of the year can hardly have had anything to do with the weakness of sterling, since nobody knew about it until the seasonal adjustments were revised, so that confidence cannot have been affected. The Bank appears obsessed with the effect which expectation and confidence have on monetary flows, but reluctant to admit that monetary flows affect markets and expectations. This sounds more like the analysis of bond salesman than of a monetary authority.

Independent

Unfortunately this strange analysis does reflect two realities. British monetary control, which rests so heavily on sales of Government bonds, is excessively vulnerable to uncertainty; and any system of monetary control can be undermined by politicians who think that they can proclaim a monetary target, and a target for domestic credit expansion, and then withhold stock for fear of a rise in interest rates and spend the reserves to resist a fall in the exchange rate. A more forcefully independent monetary authority, with more flexible means at its command, would be less vulnerable to speculation and interference. The outcome the Bank so wishes to see—wage moderation and continued real growth—would be much more likely if its own operations were not so dependent on it.

New York challenges London

NEW YORK has just sent ripples through the insurance industry—and beyond it too—with the announcement of a move to set up its own equivalent of Lloyds of London, paying that institution the compliment of copying it, but at the same time facing it with the threat of competition. A Bill backed by Governor Hugh Carey proposing amendments to New York insurance law is currently before the State Assembly, and all the signs are that it will be passed before the summer is out, enabling a Lloyds of New York to open in about a year from now.

The real Lloyds has reacted cautiously, preferring to withhold any assessment of what it all means until the Bill emerges from the committees writing the fine print. Privately, Lloyds underwriters have poo-pooed any suggestion of a threat to their unquestioned dominance of the world insurance field. Their view is to some extent shared by New York insurance people who have calculated that the volume of business handled by a Lloyds of New York would be tiny—initially at any rate.

The Bill has earned powerful political backing because its sponsors claim it will bring more business, and therefore jobs and capital, to New York. Moreover, Governor Carey comes up for re-election in the autumn, and every little bit helps. However, the Bill is only one part of a broad move here to reform American insurance law, which is considered un-

INSURANCE

BY DAVID LASCELLES

necessarily restrictive. One of the big arguments marshalled by the reformers is that Lloyds enjoys a share of the world insurance market out of all proportion to Britain's own role in it. They also say that the way things work at the moment, insurance is a drain on the U.S. balance of payments because so much business goes to Lloyds. The clinching argument is that Lloyds operates a restrictive membership policy that makes it difficult for outside brokers to get a fair share of the business. The fact that two major U.S. brokers were recently barred from acquiring a major interest in Lloyds brokerage has demonstrated this.

The U.S. property-casualty insurance industry has historically been tightly controlled at state level. Only licensed or "admitted" insurers may conduct business, and the State insurance superintendent must approve all their premiums and policies. That makes it difficult

conducted by individuals with unlimited liability, the proposed New York exchange admits the possibility of corporate membership, with members having limited liability but backed by a guarantee fund financed from a percentage of premiums earned. This was a sop to the regulatory authorities.

The Bill mentions three specific areas of business for the exchange: reinsurance of all kinds, direct insurance of all foreign risks, and surplus line or hard-to-place risks.

Were the exchange to get the go-ahead for next year, Mr. Kramer has proposed a minimum initial capitalisation of \$60m, made up of 20 syndicates worth \$3m each, or some such permutation. On an average underwriting to capital ratio of three to one, that would enable the exchange to underwrite some \$180m worth of insurance straight away.

Critics of the scheme point out that this is a mere drop in the bucket of the \$80bn a year insur-

ance market. Mr. Kramer responds in two ways. Much of the new exchange's capital would come from individuals, a previously untapped source representing an expansion of the industry's capital base. Secondly, once the exchange proved itself, it would be bound to grow.

Although initial business would be based largely on what is available in the "surplus line" market, currently worth about \$2bn a year, its longer-term future would depend on the enormous reinsurance market.

This poses potentially the greatest threat to Lloyds of London, which relies on U.S. reinsurance for a large part of its business. The New York exchange would have none of Lloyds' deeply rooted expertise or reputation, but insurance industry analysts in New York can see a situation where Lloyds might be forced to undercut the U.S. market in order to make it more attractive to U.S. insurers to do business on the other side of the Atlantic instead of doing it on their own doorsteps.

Towards the end of last year, the New York State Commerce Department got together with a New York insurance consultant, Mr. Donald Kramer, to see what could be done. Mr. Kramer, himself a name at Lloyds, came up with a proposal to create a New York insurance exchange closely modelled on Lloyds with the express idea of attracting more capital into the business and restraining the flight of insurance abroad.

This was then worded as a Bill and introduced into the State Assembly last spring. Mr. Kramer's blueprint drew on all the main features of Lloyds including a trading floor where syndicates of brokers and underwriters can conduct insurance business according to the exchange's own constitution. It differs in only two respects: whereas Lloyds insurance is

should be of major concern to the Fed. All that the proposal would achieve, they say, would be the repatriation of some benefit to the U.S. Treasury, of activities which many U.S. banks have been forced by circumstance to develop offshore, but which would pose no greater threat to monetary management if they were conducted on the U.S. mainland.

They argue that the expansion of the U.S. offshore banking has been to the greater glory of London, the Bahamas and Cayman Islands, Singapore, and more recently Bahrain. By 1974 U.S. banks were holding \$105.9bn in dollar assets at their foreign branches—more than 78 per cent of this money being in London, the Bahamas and the Cayman Islands. By the end of last year total assets

stress on the problems which DIBF could create. Most particularly they are worried about being able to prevent abuses which might complicate control and management of the money supply. They appear unconvinced that dollars which supposedly are circulating outside the U.S. would not "leak" back into the domestic economy through the New York banking window.

Bankers generally agree that there is some incidence of this through existing offshore operations, and they also concede that the Fed fears that this might happen on a much larger scale. Supporters of DIBF say they do not understand why this

do not understand why this

Observers here point out that whatever a local Lloyds going abroad, again pointing to the chances of success may be, it is only one of several changes that are afoot. Along with the Lloyds Bill in the State Assembly is a "free trade zone" for insurance in the city. Again, the idea is to find some way out of the choking tangle of regulations, particularly for insurance, which has given a boost to the momentum for reform—quite apart from limiting losses against the insurance industry about the best way to proceed.

But one point can be dismissed. The Bills are not a direct reaction to Lloyds of London's refusal to permit Marsh and McLennan, another large broker, Frank E. Hall, to buy a majority interest in two Lloyds brokers. Although developments here that it would bring benefits similar to those for which the Lloyds idea is being promoted, it would give a much needed spur to the insurance industry, and therefore to the city too, than specific grievances.

Mr. Hank Greenberg, long a supporter of this scheme, argues that it would bring benefits similar to those for which the Lloyds idea is being promoted, it would give a much needed spur to the insurance industry, and therefore to the city too, than specific grievances.

can be deployed in competition with the many foreign banks which are not subject to reserve requirements by their own central banks. So one key question for the Fed is whether it should waive "D" for international deposits at a New York bank's DIBF.

The second question is the amending of regulation "Q" which restricts the rates of interest which reserve system banks may pay on deposits at their domestic branches. In particular the New York banks would want the prohibition lifted on payment of interest on DIBF deposits with maturities of less than 90 days. The New York State legislature has already removed a further obstacle by passing legislation which would free future DIBF operations from state and city taxes. Implementation of the legislation is conditional on the Fed paving the way for letting up the banking free trade zone in New York. The result would be to lower the tax burden on New York banks from the current 41.4 per cent (combined federal and city rate). This compares with 33 per cent in London, 48 per cent in Grand Cayman Island, and 20 per cent in Bahrain.

No one can say with certainty how long it will be before the Fed pronounces on the issue, but nothing firm is expected inside a year, not least because the Fed is at present grappling with the complex process of tightening the regulation of U.S. banks' foreign operations. The City of London, should be watching closely, but not yet losing any sleep about a possible renaissance of international banking in New York.

Two other constraints which pushed U.S. banking business abroad and which will strongly influence the future for DIBF are federal reserve regulations "D" and "Q". Regulation "D" requires U.S. banks to maintain specific levels of reserves against all domestic deposits. These reserves must be lodged with a Federal Reserve District Bank and are non-earning assets (although the Fed is at the moment considering whether it should start paying interest). There is, however, no reserve requirement on deposits gathered abroad and held at foreign branches. These funds

MEN AND MATTERS

Robins over the water

With not a leaf or twig to hoist about, the oil platforms far out in the North Sea hardly appear a bird's natural haven. Yet over 60 separate species, ranging from the Barred Tailed Godwit to the Short Eared Owl, have been spotted from the four platforms in BP's Forties Field. Amateur bird watchers working on them for BP had been expecting to see a wide range of seabirds such as gulls and auks, petrels and ducks. But they have also been startled to spot ten types of waders, including golden plovers, snipe and woodcock. Five separate birds of prey have also hovered around the helicopter pads. But the most surprising guests have been 28 different species more usually associated with hedgerows and woodlands. These include that rarity of rarities, the Richards Pipit, and Britain's smallest bird, the Goldcrest, as well as the more common robins and blackbirds.

The Royal Society for the Protection of Birds tells me that the platforms, 110 miles east-north-east of Aberdeen, are on the "flyways" of the waders as they migrate between Arctic Russia and Scandinavia and Britain's East Coast. As for the birds of prey, such as owls and sparrow-hawks, these, I learn, have periodic "eruptions" that is when "good" breeding seasons are followed by shortages of food which drive them to hunt elsewhere.

When I asked what birds were regarded as essentially stationary were doing around the platforms, the RSPB said: "More migrate than you think." BP's tales of weary carrier pigeons landing for rest on the platforms led me to ask whether the birds benefited from such man-made islands but its answer was a rather curt negative. Birds know how to handle long dis-

stances. I was told, and are liable to roost rather than roost because of the 50-foot gas flares—particularly when clouds cover the stars and the birds' celestial navigation is out of synchronization.

The RSPB says 2m seabirds breed around the North Sea and disperse to as far away as South America. "It would have been a wildlife disaster if the Ekofisk blowout in April 1977 had occurred in late summer, when all the birds were about."

Earthy life

Last week I reported how the French are becoming a nation of gardeners and avidly buying British lawnmowers and hedge-clippers. (The news is, incidentally, that in order-book terms the gardening exhibition in our Paris embassy was "a great success.") As if to underline the trend, a well-known French merchant banker, Robert Mallet, has announced that he is quitting his office desk—to become a commercial gardener. At the age of 34, Mallet is leaving Paris for Dieppe to run "Le parc floral des Moulins"—stocked with

rare rhododendrons and azaleas. Passengers arriving at Dieppe by ferry from England can see the rhododendrons, making a vast colourful sweep down to the sea just south of the town. In the gardens is a house designed by Luyens, and the French Government has classified the place as an historic monument. Mallet inherited the gardens from his grandfather, who founded the merchant banking firm of Neufils, Schlumberger, Mallet. The ex-director hopes to open his new venture in a few weeks, with a garden centre and craft shop. "I can't say that I ever liked banking," he says. "But I hope I shall sell enough plants to show I still have some of the family financial acumen."

Film fans

Bureaucrats and parliamentarians from all over Europe gathered in Lisbon last week for a symposium on the relationships between film industries and governments. Taxpayers will be glad to know that the talking was of a suitably earnest and high-minded nature. The one element that seemed to be missing was an actual film, so the Portuguese hosts provided that by inviting the 150 delegates to see a new prize-winning work about their country called "Tras-os-Montes". Three delegates turned up—two British and one Turk—plus the film's director, who stared at the vast emptiness of the cinema in Lisbon's national library in deep dismay.

One of the two British delegates who did see the film was James Quinn, chairman of the National Panel for Film Festivals. At the next morning's assembly Quinn stood up and blasted the delegates for discourtesy. The parliamentarians excused themselves by saying they had been invited to a

dinner. The bureaucrats said nothing. When I spoke to Quinn yesterday he was still fuming. "When you are talking about horses, you should at least look at the stables occasionally," he remarked.

Talking big

As Yugoslavia awaits a valdictory speech from 86-year-old President Tito at the 11th Congress of the ruling League of Communists opening today in Belgrade, the cafes are alive with political jokes. Perhaps the best concerns Mirko, an old-line Stalinist, who decides that instead of going west, he will go to the Soviet Union in search of work. The first letter comes back to his friends. "This place is awful," he writes. "I earn 100 roubles a week, but a fried chicken alone costs eight roubles."

Mirko is soon afterwards visited by the KGB, which warns him of the possible consequences of slandering the Socialist motherland. So in his next letter Mirko writes: "Everything is wonderful here. I earn 100 roubles a week and I can buy a whole fried elephant for a mere six roubles. If you don't happen to like fried elephants, you can always add another two roubles and get a fried chicken."

Get plugged in

Readers may care to keep abreast of the new terminology of work. Yesterday I telephoned a Southern Electricity Board office to ask why a man had failed to appear to join up some wires last Friday. "He must have been over-programmed for that day," said a female voice. "You mean he was too busy?" I asked. "Yes. We shall re-programme the work for Tuesday."

Observer

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If you're looking for a place to re-locate or expand your business, the New Town of Corby has got so much going for you.

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For a fully detailed brochure on Corby contact K.R.C. Jenkin, B.A. F.R.I.C.S., Chief Estates Officer, Corby Development Corporation, 9 Queen's Square, Corby, Northants NN17 1PA. Telephone (053 68) 3535.

19



Floral prints such as this in blue or pink are in fashion for this summer season.

The deadlines in which colour forecasters have to work vary considerably. When yarn is dyed before being woven on

also on the printed pages of the catalogues. And it is important to ensure that only colours which can be accurately reproduced in print are included in a small order range.

The deadlines in which colour forecasters have to work vary considerably. When yarn is dyed before being woven or

Group 4 Total Secured

Group 4 Total Security Ltd., 7 Carlos Place, London W.1. Tel: 01-629 8765 or your local office through Yellow Pages.



As I write, we have just concluded partnership arrangements with Trafalgar House to develop two blocks, totalling 400,000 sq. ft., of offices on our site. The construction contract will be let to Trollope & Colls, and we believe that there will be a demand for good office space in the City in two years time—a large investment decision which shows our confidence in the future of the City and this country.

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 Ames Bank Limited
 Amsterdams-Rotterdam Bank N.V.
 Androsbank Bank A/S
 ASIAC—Asian International Acceptances &
 Capital Limited
 Bache Halsey Stuart Shields Incorporated
 B. de Julius Bares International Limited
 Banca Commerciale Italiana
 Banca del Gottardo
 Banca della Svizzera Italiana
 Banco Urquijo Hispano-Americano Limited
 Bank of America International Limited
 The Bank of Bermuda Ltd.
 Bank Gurwiler, Kuhn, Bueglinger (Overseas)
 Limited
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 Banque Générale du Luxembourg S.A.
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 Banque Internationale de Luxembourg S.A.
 Banque Louis Dreyfus
 Banque Nationale de Paris
 Banque de Neuchâtel, Schlumberger, Mallet
 Banque de Paris et des Pays-Bas
 Banque Populaire Suisse S.A. Luxembourg
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 Banque Rothschild
 Banque de l'Union Européenne
 Banque Worms
 Barling Brothers & Co. Limited
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 Commercial Bank Aktiengesellschaft
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 (Underwriters) S.A.
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 Comptant International Limited
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INTL. FINANCIAL AND COMPANY NEWS

The battle for Husky Oil

BY ROBERT GIBBENS

NEVER BEFORE have the heavy oil resources of the Lloydminster area of south-west Saskatchewan—they also extend into south-east Alberta—received so much attention. But these comparatively large potential reserves, from which production has been obtained in small quantities for many years, have emerged as the main issue in the current tussle for control of Husky Oil of Calgary, a company spanning the Canada-U.S. border in production, refining and marketing, with assets of well over \$600m.

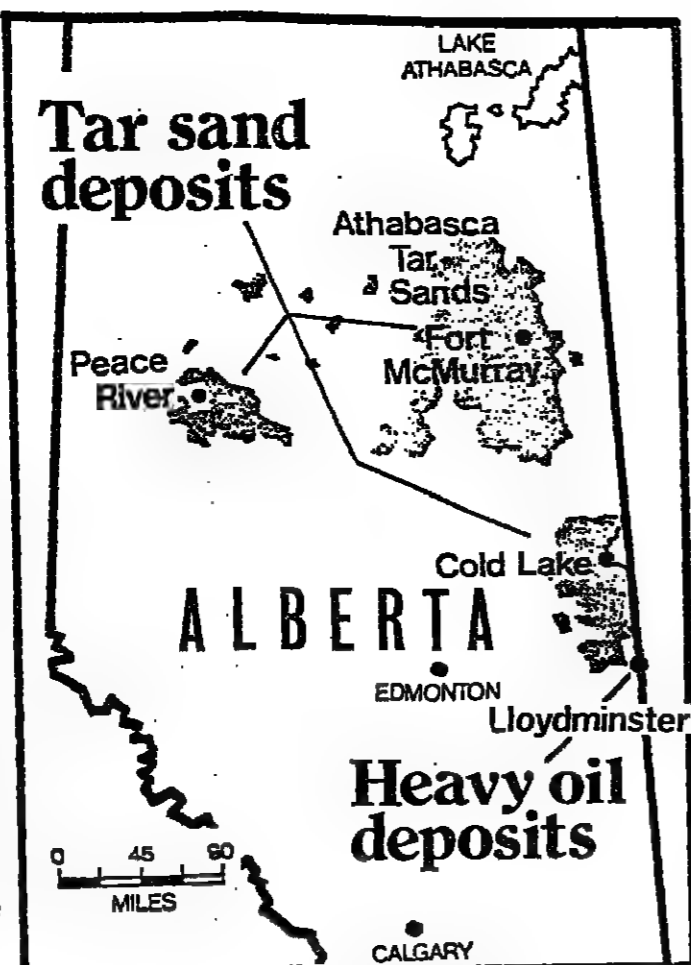
The problems since the energy crisis of 1973-74, have been the timing of large-scale production of heavy oil, the technology required and the meshing together of a large number of interests which hold leases in the area, in relation to the Canadian long-term oil supply.

From the point of view of the Federal Government, the timing could be crucial to the balance of payments and to security of supply. The prospects are good for getting new domestic capacity of perhaps 100,000 barrels daily of crude oil at half the cost of a third Alberta tar sands plant—if technical problems can be overcome. In the sands, bitumen occurs close to the surface, mixed with sand, and at present, is strip mined and then upgraded; heavy oil occurs deep below the surface.

The second tar sands mining and processing operation, Syncrude, will be starting up shortly and will ultimately have a capacity of 125,000 barrels a day of synthetic crude. This will bring total tar sands production from the two plants to around 175,000 barrels daily compared with total Canadian needs of around 2m barrels a day.

Syncrude will come on stream at a capital cost of around \$2.5bn. However, the third tar sands mining operation now planned by Shell Canada with partners cannot reach start-up much before the mid 1980s. It will cost around \$4bn in current dollars for the same capacity as Syncrude.

The technology to extract oil from the deep-lying tar sands through various methods of heating up the deposits underground, and using less water than Syncrude with less environmental scarring, is many years away. The most advanced project is that of Imperial Oil, which has a pilot plant using



to force the issue. And federal Energy Minister Alastair Gillespie now says that the Occidental Petroleum takeover of Husky could be acceptable to Canada if there were cast-iron guarantees that this would mean fast development of the Lloydminster heavy oils.

Occidental is one of the leaders in oil-shale technology in the U.S. but whether it can contribute extra know-how to the extraction of the Lloydminster heavy oils is not clear.

Husky is a very well known name in western Canada, and it would be hard for Canadian nationalists to make a case against it. It was founded in 1938 by American oilman Glenn Nielsen at Cody, Wyoming, with a 900 barrels daily refinery, 19 employees and one producing lease. Mr. Nielsen is chairman and his son is president. The company moved into Canada in the late 1940s with the first discoveries of major oil reserves in Alberta. Today it has production, refining and marketing operations on both sides of the border with exploration interests in the North Sea, Alaska and other parts of the Western hemisphere. It holds leases in the Alberta tar sands, and in other heavy oil areas of Canada and the U.S. Last year it earned \$42.8m on volume of \$630m, against \$30m on sales of \$522m in 1976. The parent company is based in Canada, though its headquarters are in Cody. Its 1977 production from the Lloydminster area was 27,500 barrels daily, sold mainly in the U.S. Husky says it has identified 16bn barrels of heavy oil in place in the Lloydminster area.

It has formed a special technical group to develop methods of tertiary recovery to lift a greater percentage of the oil in the reservoirs. Its proposed upgrading plant would have 100,000 barrels daily rating and be operated by a new Canadian corporation owned by investors, producers, refiners and governments.

Husky would provide 25 per cent of the equity required.

It now seems that compromises are possible in the fight for control of Husky in the interest of getting the heavy oil reserves to market, especially as both countries are finding it increasingly necessary to co-operate on energy matters.

steam to heat up the heavy oils 2,000 ft down in the Cold Lake area of south-west Alberta, so releasing the crude oil into producing wells for pumping to the surface and treatment in a Syncrude-type processing plant. But it will require more time to prove the process, besides having a price tag of several billion dollars. The huge investment and timing problems that go with further tar sands plants turned the attention of governments and parts of the oil industry towards the Lloydminster heavy oils. These reserves lie deeper than those of Imperial at Cold Lake and are more viscous. They can be lifted to a minor extent using conventional production-well technology. However, generally a production well, after using secondary recovery techniques, will only pump up about 10 per cent of the available oil in a reservoir. The objective is to develop the fields further, using new tertiary technology, and to recover a greater proportion of

the reservoirs, putting the oil through an upgrading plant which would produce crude capable of being pipelined to any conventional refinery.

The Husky Oil group has for many years controlled much of the land in the Lloydminster area required to support sufficient production to justify the upgrading plant, itself involving an investment of well over \$450m. While Husky last year proposed a major development programme with upgrading plant, continuous wrangling over how to pull the project together has meant long delays. The Saskatchewan, Alberta and federal governments have been involved in this wrangling besides many interests owning freehold leases in the area. However, the federal government, and the national oil company Petro-Canada, have been getting impatient.

It is quite possible that the real purpose of the Petro-Canada bid for Husky Oil was

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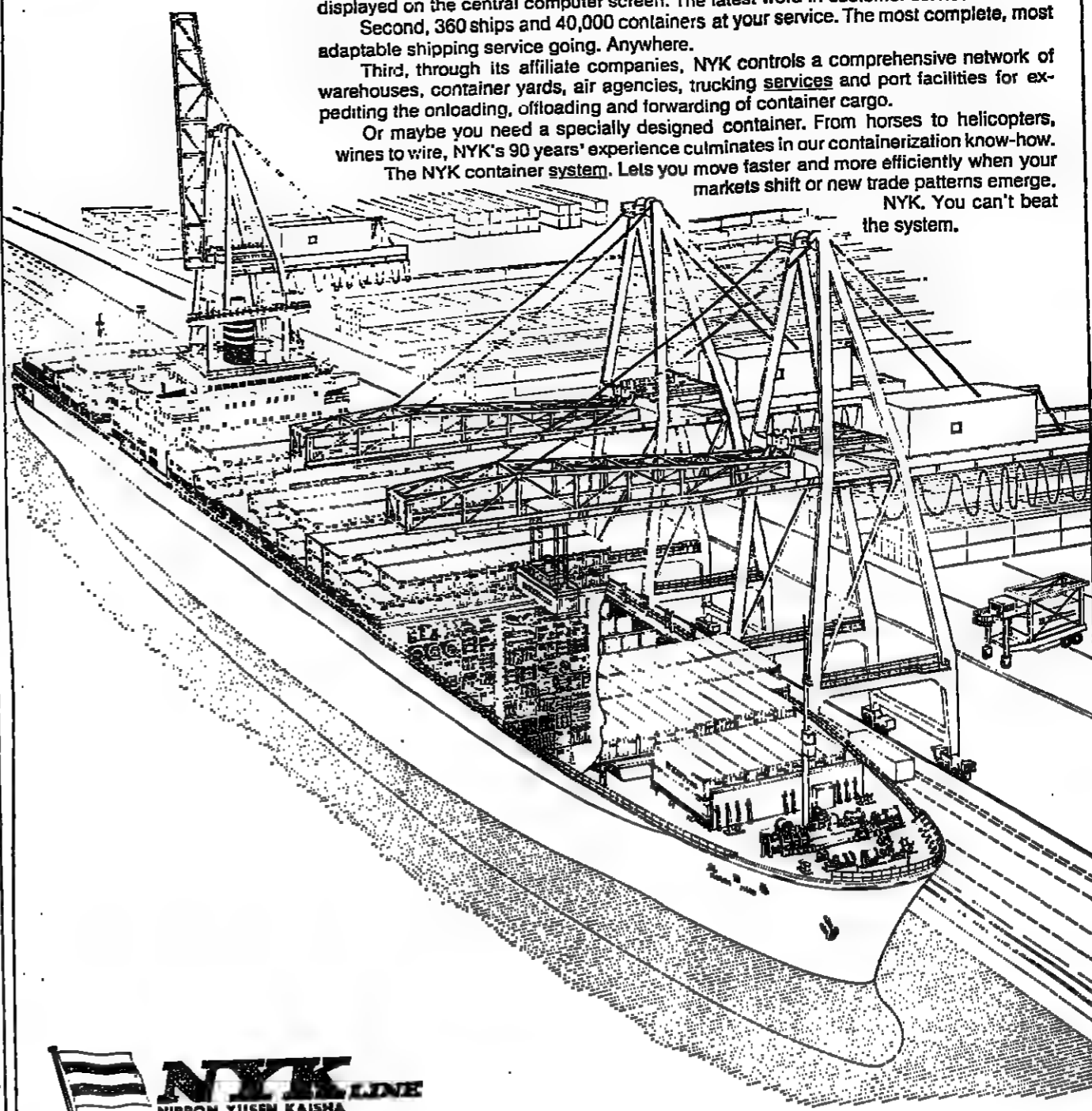
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Britain already has the biggest mining industry in the Community, producing as much coal as the rest of the EEC put together. To replace Britain's present coal output with imported oil would worsen Britain's balance of payments by £5,000m a year. This makes coal good for Britain as a whole.

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To ensure that these huge reserves are available when needed the NCB, under its "Plan for Coal", is already investing heavily in developing new collieries and in expanding existing pits.

We are still proving coal reserves in Britain four times as fast as we are using them. Selby, the biggest new coal project, will produce 10 million tons of coal a year. This and other new mines are keeping British coal-mining in the forefront of mining technology.

Ever heard of a fluidised bed?

Britain is also taking a lead in the technology of using coal. Fluidised bed combustion is a new method of burning coal in industrial plant. These boilers should cost less than conventional plant and need less space. This method, in which coal is burnt in a bed of ash

or sand and which is 'fluidised' by passing air through it, offers substantial advantages to those considering new industrial boiler plant.

New ways to keep coal on the move.

There have also been spectacular advances in coal and ash handling techniques. For example, compressed air is now being used to push coal through a pipeline from bunker to boiler and ash from boiler to storage silo. The system is completely enclosed and dust free, silent running, needs little maintenance and is cheap and simple to install.

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Coal benefits all sorts of customers. With District Heating, coal fired plant supplies heating and hot water to whole communities. Individual users, from the biggest power station to quite small industrial plants and individual homes, can benefit from the new knowledge and equipment on coal burning.

There's an enormous amount of know-how concentrated in the NCB Technical Service, covering all aspects of the efficient use of steam and hot water heating. If you need advice on making the best use of your existing plant, information on new equipment and techniques, how much new equipment costs and what savings it can give, ask the NCB or your Industrial Fuel Distributor. Expert help is available.

The NCB has a new brochure which tells what coal has to offer you now and in the future. There are also new technical booklets dealing in more detail with all designs of industrial coal-fired boiler houses.

If you would like copies, or would like a technical expert to talk over your heating needs, write to National Coal Board, Marketing Dept., Hobart House, Grosvenor Place, London SW1X 7AE, or ring 01-235 2020.

NCB

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This announcement appears as a matter of record only. May 1978.

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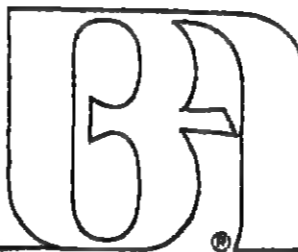
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APOLLO

Edited by Denis Sutton

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World Value of the Pound

The table below gives the value of foreign currencies to the pound sterling as at June 19, 1978. The table is based on the latest available rates of exchange for the pound sterling against various currencies on June 19, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of

(P) based on U.S. dollar parities and going sterling dollar rate. (R) Scheduled Territories; (T) Scheduled Territories; (U) official rate; (C) commercial rate; (N) non-commercial rate; (A) approximate rate; (S) selling rate; (B) buying rate; (NOM) nominal; (EXC) exchange certificate rate.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan (Afghani)	12.00	Kenya (Kenya)	10.00	Laos (Kip)	10.00	Malaysia (Ringgit)	10.00
Algeria (Dinar)	10.00	Korea (Won)	10.00	Lebanon (Lira)	10.00	Maldives (Rufiyaa)	10.00
Angola (Kwanza)	10.00	Kuwait (Dinar)	10.00	Libya (Dinar)	10.00	Malta (Lira)	10.00
Argentina (Peso)	10.00	Kyrgyzstan (Som)	10.00	Lithuania (Litas)	10.00	Marshall Is. (Dollar)	10.00
Australia (Dollar)	10.00	Laos (Kip)	10.00	Madagascar (Ariary)	10.00	Mauritania (Ouguiya)	10.00
Austria (Schilling)	10.00	Latvia (Lats)	10.00	Malawi (Tala)	10.00	Mexico (Peso)	10.00
Bahamas (Dollar)	10.00	Lebanon (Lira)	10.00	Maldives (Rufiyaa)	10.00	Moldova (Leu)	10.00
Bahrain (Dinar)	10.00	Libya (Dinar)	10.00	Maldives (Rufiyaa)	10.00	Mongolia (Tugrik)	10.00
Bangladesh (Taka)	10.00	Lithuania (Litas)	10.00	Maldives (Rufiyaa)	10.00	Morocco (Dirham)	10.00
Barbados (Dollar)	10.00	Madagascar (Ariary)	10.00	Maldives (Rufiyaa)	10.00	Mozambique (Escudo)	10.00
Belize (Dollar)	10.00	Malawi (Tala)	10.00	Maldives (Rufiyaa)	10.00	Nicaragua (Cordoba)	10.00
Bermuda (Dollar)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Niger (CFA Franc)	10.00
Bhutan (Druk)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Nigeria (Naira)	10.00
Bolivia (Boliviano)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Paraguay (Guarani)	10.00
Bosnia (Dinar)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Peru (Sol)	10.00
Brazil (Cruzado)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Philippines (Peso)	10.00
Bulgaria (Lev)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Pakistan (Rupee)	10.00
Burkina Faso (CFA Franc)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Panama (Balboa)	10.00
Burundi (Franc)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Paraguay (Guarani)	10.00
Cameroon (CFA Franc)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Peru (Sol)	10.00
Canada (Dollar)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Philippines (Peso)	10.00
Cape Verde (Escudo)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Pakistan (Rupee)	10.00
Cayman Is. (Dollar)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Panama (Balboa)	10.00
Central America (Cordoba)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Paraguay (Guarani)	10.00
Chad (CFA Franc)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Peru (Sol)	10.00
Chile (Peso)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Philippines (Peso)	10.00
China (Yuan)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Pakistan (Rupee)	10.00
Colombia (Peso)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Panama (Balboa)	10.00
Costa Rica (Cordoba)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Paraguay (Guarani)	10.00
Croatia (Dinar)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Peru (Sol)	10.00
Cuba (Peso)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Philippines (Peso)	10.00
Cyprus (Cypriot Pound)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Pakistan (Rupee)	10.00
Czechoslovakia (Koruna)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Panama (Balboa)	10.00
Denmark (Krone)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Paraguay (Guarani)	10.00
Dominican Rep. (Peso)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Peru (Sol)	10.00
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Dominican Rep. (Peso)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Paraguay (Guarani)	10.00
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Dominican Rep. (Peso)	10.00	Maldives (Rufiyaa)	10.00	Maldives (Rufiyaa)	10.00	Philippines (Peso)	10.00
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 CONCERN: That higher money interest rates and the economy pushed stocks lower on Wall Street yesterday.

By the close, however, bargain-hunting had trimmed some of the losses and left other stocks with small gains.

The Dow Jones Industrial Average—down more than four points in the morning—finished with a gain of 1.63 at 818.62.

The NYSE All Common Stocks index ended 4 cents off at 84.74. Volume, at 25,500,000 shares, was down 2,100,000 from Friday.

Investors were expecting the Federal Reserve's Open Market Committee to decide at regular monthly meetings today to check the recent rapid expansion of the money supply.

But with the economy already showing signs of slowing down after a rebound from the harsh winter, the Fed runs the risk of a recession if the measures adopted are too vigorous.

Among signs of economic slowing, investors last week learned that the rise in personal income slowed in May from April, and that housing starts and building permits turned lower in May.

On the positive side, the Organization of Petroleum Exporting Countries held the price of crude oil unchanged at least, until

its December meeting. JRM was strong, rising \$1 to \$2.99. Burroughs gained \$1 to \$74.75. Instrumental rose \$1 to \$70.75.

Ford Motor, which has been weak recently, picked up \$1 to \$47. It received a \$125m contract to supply two satellites in India for that country's proposed satellite system.

Carter Hawley Hale was unchanged at \$18.42. It agreed to acquire Thrasher Brothers—up \$1 to \$16 bid, in over-the-counter trading—for stock.

General American Oil elected William P. Barnes chairman to fill the spot vacated on the death of Alvin H. Meadows a week earlier. The stock picked up \$1 to \$5.11.

Honeywell gained \$1 to \$37. It plans to acquire Spectronics for stock. Spectronics jumped \$2 to \$211 bid, in over-the-counter trading.

American Broadcasting signed a final pact to sell its movie theatres for \$50. It added \$2 to \$49.

Ramada Inns headed the active list again, rising \$1 to \$71. Last week it denied it had plans for casinos. Gaining stocks generally moved up.

Cassars World added \$1 to \$29. Del. Co. added \$1 to \$20. Playboy \$1 to \$18.

Golden Nugget on the Pacific coast climbed \$1 to \$18.75. Tropicana eased \$1 to \$47. The Federal Trade Commission asked Bearre to delay its planned purchase of Tropicana, but

Beatrice refused. On the AMERICAN SE prices declined in moderate trading. The index slipped 0.23 to 149.57, with the average price per share falling 6 cents.

Stock volume eased 500,000 shares to 2,47m, with highest issues outnumbering rising ones 440 to 229.

Reardon International led the active list, rising \$1 to \$61. HUSKY (oil) in second place, dropped \$1 to \$44. Both HUSKY and Occidental Petroleum denied any collusion to bid up HUSKY's shares.

Canadian National, which closed \$1 to \$221 in New York Stock Exchange trading, is bidding against Petro-Canada for HUSKY.

Jeannette added \$2 to \$19. Coca-Cola Bottling of New York offered to buy its shares at \$2 each. Coke New York eased \$1 to \$81 in NYSE trading.

Canada
 Share prices closed weaker in busy trading on Canadian stock markets yesterday. The Toronto Stock Exchange index ended 2.9 down at 1,143.3, while the Montreal composite index fell 0.29 to 102.83.

Oils led the broad decline, the sector index dropping 14.6 to 1,432.5.

Husky Oil, object of rival takeover bids by Occidental Petroleum and Petro-Canada, fell \$3.10 to \$44.00.

Home Oil "A" lost \$1 to \$49; Home Oil "B" lost \$1 to \$49; Home Oil "C" lost \$1 to \$49.

Hong Kong
 Shares moved sharply higher in hectic trading. The Hang Seng index put on 18.6 points to close at 562.31, its highest level since November 25, 1973.

Prices opened well up and advanced further in the morning. The gains were maintained throughout the afternoon and most leading stocks closed at their best of the day.

Among the gainers, Hong Kong Bank rose 60 cents to HK\$18.50. Hong Kong Land 25 to HK\$18.50. Wharfedale 15 to HK\$18.50.

Jardine Matheson 30 to HK\$18.50. Swire Pacific "A" 10 to HK\$18.50. Hong Kong Electric 20 cents to HK\$18.50.

Hutchinson Whampoa moved ahead 15 cents to HK\$18.50. Hong Kong Hotel 30 to HK\$18.50. Jardine Securities 40 to HK\$18.50. Property Share New World 31 to HK\$18.50. China Engineering 10 to HK\$18.50.

Turnover totalled HK\$215.15m (HK\$225.84m).

Germany
 After an uncertain start, prices edged higher in lively trading on German stock markets, but there were no special factors in evidence.

Banking was most in demand, led higher by Deutsche, up DM2 at DM138.

Engineering also improved by DM2, led by Demag, up DM2 at DM138.

Tokyo
 Prices closed lower in limited trading on lack of fresh factors, after late liquidation had pared early gains.

The Nikkei-Dow Jones Average fell 14.18 to 5,477.52, while volume totalled 160m shares (160m).

Export-orientated Electricals and Vehicles fell on currency uncertainties. TDK Electronics lost 20 to ¥2,010. Nippon Electric 10 to ¥2,010.

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Sony was unchanged at ¥1,710, but many "Blue Chips" and popular stocks eased on sporadic liquidations.

Nippon Oil lost ¥14 to ¥615, among sharply lower oils. The sector was depressed by reports that there might be no big oil deposit on the continental shelf between Japan and Korea.

Hifac rose ¥2 to ¥254 on buying by foreign investors and big investment trusts.

Breivies also rose on increased bear sales, with Kirin up ¥2 to ¥488 and Sapporo ¥4 to ¥287.

Australia
 Prices eased in fairly quiet trading. BHP rose 2 cents to A\$7.14, while the ANZ Bank fell 10 to A\$5.05 and the National 2 to A\$2.48.

Renison rose 40 cents to A\$10.30, among sharply lower oils. The sector was depressed by reports that there might be no big oil deposit on the continental shelf between Japan and Korea.

Hifac rose ¥2 to ¥254 on buying by foreign investors and big investment trusts.

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Paris
 Paris—Easier in calm trading.

NOTES: Overseas prices shown below exclude a premium. Belgian dividends after withholding tax. After 1974, the last named bank on (1974).

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Brussels
 Mostly lower in quiet trading, following Wall Street, with Sifco, Electradia, Cockerill, Gabeaux and Solvay advancing, but Sifco, Cockerill, Gabeaux, Solvay, FN, Cometa and Tabacaria declining.

Petrofina dropped 8Frs 50 to 8Frs 5.50 in lower oils.

Amsterdam
 Mostly weaker in continued quiet trading. KLM finished 2 1/2 F on a 100 share bid.

Azko rose 60 cents to F 30.20 and Royal Dutch 50 cents to F 129.10 in otherwise lower Dutch Internationals.

Van Ommen, Amro, Nationale Nederlanden and Bank were all weaker. Gaining issues were led by Heineken, up 40 cents at F 110.93, ABN and Pakpand.

State loans were steady. Turnover on the European Exchange rose to 910m francs from 601m on Friday.

Milan
 Firmer in this trading, with leading operators rather cautious. IRI group companies were all firmer, with Eni, up 100 to L 17.15.

Vicini lost 17 to L 7.15 among 10 to L 35.05 and the National 2 to L 2.48.

Renison rose 40 cents to A\$10.30, among sharply lower oils. The sector was depressed by reports that there might be no big oil deposit on the continental shelf between Japan and Korea.

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Indices

NEW YORK—DOW JONES

June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	April 18	April 17	April 16	April 15	April 14	April 13	April 12	April 11	April 10	April 9	April 8	April 7	April 6	April 5	April 4	April 3	April 2	April 1	March 31	March 30	March 29	March 28	March 27	March 26	March 25	March 24	March 23	March 22	March 21	March 20	March 19	March 18	March 17	March 16	March 15	March 14	March 13	March 12	March 11	March 10	March 9	March 8	March 7	March 6	March 5	March 4	March 3	March 2	March 1	February 29	February 28	February 27	February 26	February 25	February 24	February 23	February 22	February 21	February 20	February 19	February 18	February 17	February 16	February 15	February 14	February 13	February 12	February 11	February 10	February 9	February 8	February 7	February 6	February 5	February 4	February 3	February 2	February 1	January 31	January 30	January 29	January 28	January 27	January 26	January 25	January 24	January 23	January 22	January 21	January 20	January 19	January 18	January 17	January 16	January 15	January 14	January 13	January 12	January 11	January 10	January 9	January 8	January 7	January 6	January 5	January 4	January 3	January 2	January 1	December 31	December 30	December 29	December 28	December 27	December 26	December 25	December 24	December 23	December 22	December 21	December 20	December 19	December 18	December 17	December 16	December 15	December 14	December 13	December 12	December 11	December 10	December 9	December 8	December 7	December 6	December 5	December 4	December 3	December 2	December 1	November 30	November 29	November 28	November 27	November 26	November 25	November 24	November 23	November 22	November 21	November 20	November 19	November 18	November 17	November 16	November 15	November 14	November 13	November 12	November 11	November 10	November 9	November 8	November 7	November 6	November 5	November 4	November 3	November 2	November 1	October 31	October 30	October 29	October 28	October 27	October 26	October 25	October 24	October 23	October 22	October 21	October 20	October 19	October 18	October 17	October 16	October 15	October 14	October 13	October 12	October 11	October 10	October 9	October 8	October 7	October 6	October 5	October 4	October 3	October 2	October 1	September 30	September 29	September 28	September 27	September 26	September 25	September 24	September 23	September 22	September 21	September 20	September 19	September 18	September 17	September 16	September 15	September 14	September 13	September 12	September 11	September 10	September 9	September 8	September 7	September 6	September 5	September 4	September 3	September 2	September 1	August 31	August 30	August 29	August 28	August 27	August 26	August 25	August 24	August 23	August 22	August 21	August 20	August 19	August 18	August 17	August 16	August 15	August 14	August 13	August 12	August 11	August 10	August 9	August 8	August 7	August 6	August 5	August 4	August 3	August 2	August 1	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 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17	January 16	January 15	January 14	January 13	January 12	January 11	January 10	January 9	January 8	January 7	January 6	January 5	January 4	January 3	January 2	January 1	December 31	December 30	December 29	December 28	December 27	December 26	December 25	December 24	December
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OFFSHORE AND OVERSEAS FUNDS

[illegible]

1. The first step in the process of the investigation is the identification of the problem. This is done by the investigator who is responsible for the study. The investigator must first identify the problem that is being investigated. This is done by the investigator who is responsible for the study. The investigator must first identify the problem that is being investigated.

FT SHARE INFORMATION SERVICE

ENGINEERING—Continued

47	Blackw d Hodge	62	HL	4	3	7
21	Bousser Eng. 200	51	1	44	31	7
15	Bousser Eng. 100	17	1	09	21	9

1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

[illegible][illegible][illegible][illegible]

82	WGI	106	-2	5.8	φ	8
109	Wadkin 50p	113		5.86	3.7	7
110	Wagon Industri	128		+6.52	21	8

98	Walker (T. W.)	121	+3	6.00	4.0	7.5	5.1
55	Ward (T. W.)	74	-2	14.08	21	8.5	8.6
38	Warne Wash 10p	51	-2	2.64	3	7.8	4.3
28	Watwick Eng. 30p	28	-2	0.83	4	4.5	4
27	Watts Assoc. 10p	29	-	1.3	4.7	6.8	3.3
103	Went (Grimm)	127	-	52	3.7	6.2	4.5

42	Wellman Eng'g...	50	12.77	2.6	6.6	8.9
18	W Brum Spg. 19p	31	+2	11.04	0	52
30	Wedland	35		\$3.18	1.0	10.4
79	W. F. F. Erwin 20p	101		12.77	3.4	4.8
71	Whessoe	72	-1	14.6	3.8	9.7

121	Whitely Wise	17	0.88	0	8.1	0	
221	Whitehouse 50p	90	22.29	0	3.9	0	
21	Williams W	24	dl13	4.5	7.1	4.2	11
52	Wlms & Jame	79	2.45	4.9	4.7	6.5	
85	Wolf Elect Tools	85	hl 27	7.6	2.3	8.8	
176	Wolsie Hughes	197	16.70	3.8	5.2	7.5	

18	Whwell Fm 10p	21 ¹ / ₂	1.2	2.9	8.5	6.2
35	Wood Fm 20p	43	+1	23.87	2.4	13.6
28	Whell Fm 12p	31 ¹ / ₂		2.32	0.6	11.2
55	Young A'sh & Y	83		43.07	6.21	5.6

FOOD, GROCERIES, ETC.							
712	Alpine Soft D top	134	+1	06.50	6	7.7	6
70	Les Biscuit 200	80	-3	178	26	6.0	50

53	Ass. Brit. F. ds. Sp	69	-1	2.33	99.0	5.2	6.9
205	Ass. Dairies	228	+1	h0.78	19.4	0.5	15.0
43	Ass. Fisheries	50		3.0	3.5	9.1	4.8
281	Arama Group Sp	37	+11	10.98	4.6	4.0	8.3
72	Banks & Siders	74		10.3.6	3.3	7.4	5.9

11	Barber & D. 10p	11%						
66	Barrow	83	62.15	4.1	3.9			
64	Barnes Willing	65	1013.34	1.7	20.5	4.5		
124	Russell & Co.	136	5.15	3.1	5.7	16.3		
48	Batleys York Top	53	743.31	1.9	9.5	8.7		

182	Bible (J. C.)	64	-1	151.45	4.0	3.4	8.0
155	Rishop's Stores	155		6.60	6.7	4.4	4.4
115	Do. V. N. V.	124	-1	12.59	3.9	3.2	10.9
130	Bluebird Corp.	173	-2	4.62	4.5	4.0	8.7
104	Bnt Super Sh.	106	-2	44.75	4.8	4.3	6.8

25	Brit. Vend a 10p.	30	0.51	7.5	2.6	7.8	
43 ¹	Brooke Bond	44 ¹	12.76	3.3	9.4	3.7	
46	Cardbury Shilp's	51 ¹	3.04	1.9	8.9	(7.2)	
48	Carr's Milling	47 ¹	12.63	3.8	8.5	3.4	
42	Clifford Haines	50	+1	1.91	4.6	5.8	5.6

33	Do	40	+1	1.91	4.6	7.2	4.5	
77	Callens 2nd	110		4.32	0	6.1	0	11
70	Do "A" 3rd	106		4.32	0	6.4	0	11
1041	Denish Ben VEI	114		6.64	3.4	8.8	4.9	
82	Eastwood J B	90	-1	3.92	6.5	6.6	2.5	7
8	Edwards C	0						

29	England (W. E.) sp.	29	1.42	3.2	7.4	6.5
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INDUSTRIALS (MISC)
192 IAAH 103 MEDS

[illegible][illegible]

182	Elwick R. P. Jr.	20%	\$8.99
183	Emmett Corp.	53 1/2%	10.00
184	Enclon Corp.	20%	10.00
185	Eng & O'Brien Inc.	29%	20.35
186	Ent. Chas. Co.	78%	13.91
187	Equi. Indus. Inc.	12 1/2%	25.00
188	Euro Petros.	38%	11.14
189	Euro Petros. 20p	38%	11.14
190	Euro George Ind.	34 1/2%	1.00
191	Exxon Corp.	20%	10.00
192	Exxon Corp.	20%	10.00
193	Exxon Corp.	20%	10.00
194	Exxon Corp.	20%	10.00
195	Exxon Corp.	20%	10.00
196	Exxon Corp.	20%	10.00
197	Exxon Corp.	20%	10.00
198	Exxon Corp.	20%	10.00
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272	Exxon Corp.	20%	10.00
273	Exxon Corp.	20%	10.00
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FINANCIAL TIMES

Tuesday June 20 1978

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Trade surplus cut is Japan's main responsibility—Fukuda

BY CHARLES SMITH

JAPAN REGARDS the reduction of its trade surplus as its highest international responsibility at present, and is contemplating emergency measures to cut it, Mr. Takeo Fukuda, the Prime Minister, said today.

Mr. Fukuda was addressing foreign correspondents as the Finance Ministry announced that Japan's visible trade surplus in May was reduced by nearly \$1bn compared with April. An acceleration of shipments in advance of a new import tariff imposed on June 1 is a major factor behind the change, and the smaller surplus is not being taken as an indicator of dramatic results in Japan's attempts to cut its surplus.

Mr. Fukuda said cutting down the surplus depended ultimately on increasing imports, which in turn meant reviving domestic demand. A decisive factor

would also be the reduction of exports, and the Government had persuaded industry to keep the volume of exports during the fiscal year 1978 at the same level as in 1977. But the government could not be answerable for fluctuations in the dollar value of exports, he said, as this depended on factors outside Japan's control, such as the rate of inflation in the U.S.

Asked whether he would commit Japan at the Bonn summit in reducing Japan's current account surplus to \$6bn during the current fiscal year, Mr. Fukuda said this was a "hypothetical figure," which had been used during the compiling of the 1978 Budget. He implied that the figure did not represent a target, and that Japan was in no way committed to achieving it.

The dollar-denominated trade surplus for May amounted to \$1.55bn, compared with the April figure of \$2.27bn. Imports, at

\$6.27bn, showed a rise of 18 per cent over the level of one year ago. Oil imports according to the Finance Ministry, totalled 23m kilolitres during the month, or between 6m and 7m kilolitres more than the average for the past year.

In value terms, this translated into a temporary increase in the monthly oil import bill of approximately \$800m. The high level of oil imports in May could be followed by a reactionary decline in June.

Exports in May showed a dollar-denominated increase of 27 per cent from the same month last year (to \$7.62bn). This compares with a more moderate rise of 13.9 per cent in the April export figure.

Dollar figures for Japan's exports, however, have become increasingly misleading in view of the revaluation of the yen during the last year. In yen

terms, exports were up only 3 per cent in May, compared with one year earlier, having fallen by 8.2 per cent in the previous month.

In volume terms, there was a 0.8 per cent export decline last month, compared with a year earlier, following a fall of no less than 5.8 per cent in April.

Officials at the Ministry of Finance interpret these figures as indicating that Japan's exports are now levelling off in real terms, in line with the Government's promise.

The break rise in oil imports in May helped to give Japan a \$110m deficit in its overall balance of payments—the first since last January, after items making up the overall balance included a \$600m deficit on long-term capital account.

Minister looks for action on Japan surplus, Page 11

Tanker 'forced off course'

By Paul Taylor, Industrial Staff

The master of the Amoco Cadiz claimed yesterday that, in the vital minutes before the vessel's steering gear failed, he was forced to change course and steer closer to the French coast to avoid a collision with another tanker in the wrong shipping lane.

Captain Pasquale Bardari was giving his first evidence to the Librarian Board of Inquiry in London after being released by the French authorities. He told the Board that at about 9.45 a.m. on March 16 when the vessel's steering gear failed the tanker was off course and about 1.1 miles closer to the French coast than it would have been had he not had to change course to avoid a "rogue" tanker which was "in violation of the traffic separation scheme."

Captain Bardari said that at 9 a.m. following a night of storms with winds reaching force eight the Amoco Cadiz, so he ordered his vessel to head north "in the middle" of the Ushant shipping separation scheme—which was designed to avoid vessels colliding.

A small tanker was spotted further out to sea but heading south across the shipping lanes toward the Amoco Cadiz, so he ordered his vessel to "turn to the east to avoid a collision."

He said he did not manage to obtain the name of the "small tanker" which forced the Amoco Cadiz off course, but said small ships often broke international agreements on shipping lanes.

Other ships

Captain Bardari said that the Amoco Cadiz had to leave the shipping lane to avoid the small tanker and passed it at about 9.30. The tanker was then unable to turn back onto its proper course because of other ships in the area.

He said that he intended to steer the vessel back on course "as soon as it was possible" but at 9.45 the helmsman on the bridge reported that the rudder remained to port when he turned the wheel to starboard.

This was the first occasion that Captain Bardari realised the steering gear had failed. The Amoco Cadiz was, by this time, 7.1 miles north of Ushant. When the steering gear failed, the engines stopped and sent messages out to other ships on two frequencies telling them to "keep clear."

By 10.05 a.m. the vessel had turned to port but had stopped moving forward and at 11.10 a.m. Captain Bardari phoned Radio Brest and was told that the salvage tug Pacific was in the area.

Ten minutes later, he was told by the chief engineer that the vessel's hydraulic steering system had failed and that efforts to repair it had been "abandoned."

He then radioed for "immediate assistance" and at 12.20 the tug Pacific arrived. Captain Bardari told the Board: "I thought the tug would be capable of getting us under tow."

Twenty minutes after arriving, the tug captain asked for the Lloyds Open Form—a standard form of salvage contract. Instead, Captain Bardari offered him a "straight towage contract" which was accepted and at 1.14 the first line was put on board the stranded supertanker.

Captain Bardari will continue giving evidence today on the events which led up to the grounding of the Amoco Cadiz.

Continued from Page 1

Earnings

upward pressures linked to the rise in output.

On the first point, the Department of Employment said yesterday that by the middle of this month some 70 per cent of workers covered by major settlements had agreed, and 98 per cent of these deals were within the official guidelines.

Moreover, the official examination of productivity agreements has not highlighted any cases where there was a failure to observe self-financing requirements.

The older index increased by 15 per cent in the 12 months to April to 326.1 (January 1970=100), compared with a 7.9 per cent increase in retail prices in the period.

The newer index for the whole economy rose by 12.5 per cent in the year to April to 127.2 (January 1970=100). The index was 125.0, not seasonally adjusted, in March.

Basic weekly wage rates rose by 0.3 per cent in May to 257.7 (July 1972=100), for an increase of 14.3 per cent in the last year. This index covers only nationally negotiated basic rates for manual workers.

THE LEX COLUMN

Bank aims down the middle

Index fell 3.6 to 467.0



The Bank of England has learned at least one lesson from the recent mini-crisis. The latest Quarterly Bulletin argues that the authorities should keep monetary growth well within the target range, rather than try to live dangerously near the upper limit. It was the failure to react during February and March, when sterling M3 was growing at near the 13 per cent limit, that exposed the authorities to such a serious backlash of the targets when the unexpected late surge in monetary growth arrived. The overshooting of the target range was, the Bank confesses, "as much of a disappointment to the authorities as to the markets."

By implication the official reaction to monetary overshooting will be much more immediate in future. Having tightened monetary policy the Bank is clearly concerned that the message should get through to wage earners. It is worried that there will not be the actual deceleration in earnings growth required to keep inflation down. Yesterday's earnings figures for April, though still just about consistent with a 14 per cent outturn for the current wage round, are disturbing in this context. And anyway the Bank is warning that company profit margins are likely to be eroded during 1978 by accelerating costs.

This does not add up to a situation of peace of mind for the financial markets. Yesterday, moreover, the recent bout of indigestion in gilt-edged took a turn for the worse as signs of last week's long tail issue began to unload on an increasing scale, a few days ahead of the next call.

OCL

The future of Overseas Containers Limited (OCL) as a limited liability company hangs in the balance this week. For the consortium-owned shipping business will almost certainly have to be turned into a partnership unless a new clause is added to the Finance Bill today or tomorrow extending group tax relief for the members of consortia. Otherwise there is a distinct possibility that OCL may actually have to pay mainstream UK corporation tax—a rare event indeed for shipping companies—within the next two years.

The trouble is that OCL has been far more profitable than its shareholders—P & O, Ocean Transport, Furness Withy and

British and Commonwealth Shipping—appear to have expected when they originally set it up back in 1968. As a result it could well run out of unused capital allowances within another year or two. This would mean that it would have to pay mainstream corporation tax because its shareholders would be prevented by existing tax law from setting off some of their own unused tax losses against OCL's taxable profits. At present losses can only be surrendered upwards to a parent, not downwards to an associate.

OCL hopes this will be changed in the Finance Bill committee if a new clause allowing losses to be surrendered both ways is approved, though there is some doubt whether the proposed amendment would help a company like British and Commonwealth Shipping which holds its OCL stake through a non-trading subsidiary. If the move fails, OCL's shareholders will probably turn it into a partnership, a prospect not at all welcomed by OCL's directors, who do not fancy the challenge of commercial life under the 1980 Partnership Act.

Dawson International

Dawson International has forged ahead in sturdy fashion, with pre-tax profits for the year showing a 50 per cent rise to £15.5m. Given its concentration at the quality end of the textile market Dawson is little affected by the general textile cycle in the UK, and these results reflect the influx of tourists (boosted by the Jubilee) and a big push on exports, which jumped by more than a quarter. Overall,

the sharp drop in Japan's current account surplus did not stop the Japanese currency from hitting a new peak of ¥213.15 against the £1 dollar yesterday, before closing at ¥213.40. After a temporary setback in April and May when the yen/dollar rate fell from 218 to 230, the Japanese currency has performed strongly in recent weeks and looks set to breach the 210 level, possibly the 200 level, now that the Japanese authorities have apparently stopped intervening heavily.

Two much significant things to be put on the May trade figures, which were adversely affected by a surge in imports ahead of the imposition of a new import tariff. Japan is still generating a very large visible surplus. Last year the original official forecast was for a current account deficit of \$0.7bn—in fact there was a surplus of well over \$10bn. This year, the authorities are talking about reducing the surplus to \$6bn but unofficial estimates suggest it could well increase to over \$15bn. Hence the pressure on the yen. There are, however, signs at last of a rising outflow of capital, partly due to foreigners unwinding their positions in the bond market. These flows continue at current rates they should start to relieve the upward pressure on the yen over the longer term.

Weather

UK TODAY
RAIN over N. Ireland and W. Scotland will spread South-East later.

London, S.E. England, E. Anglia
Mainly dry. Max. 21C (70F).

Central S. England,
E. and S.W. England, N. England,
the Midlands
Sunny intervals, rain later.

Channel Is.
Cloudy, rain at times.

Wales, N.W. and N.E. England,
Lakes, Isle of Man, Borders,
S.W. Scotland
Cloudy, rain later.

The Highlands, N. Ireland
Rain at first. Max. 15C (59F).
Outlook: Showers and sun

Results for 1978

Points from Annual Report and Statement by the Chairman, Mr. P. A. Barnes-Graham, for the year ended 25th March 1978.

	1978	1977
SALES	£000's	£000's
	19,042	18,167
PROFIT BEFORE TAX	765	1,382
PROFIT AFTER TAX AND EXTRAORDINARY ITEMS	452	377
EARNINGS PER ORD. SHARE	5.2p	9.8p
DIVIDENDS PER ORD. SHARE	2.26881p	2.05577p

* The final dividend of 1.76981p per ordinary share recommended is the maximum amount permitted under current restrictions.

* Depression in construction industry continued, resulting in overall reduction in level of demand. However, demand for home improvements and modernisation continued to increase.

* Margins during the year were adversely affected by the rise in value of the £, especially against the Swedish kronor. This compared with the previous year when the fall in value of the £ resulted in substantial stock profits.

* New associate company formed jointly with Boulton & Paul (Joinery) Ltd. at Hamilton to improve and supplement service to Lanarkshire customers.

* In view of possible legislation regarding stock valuation relief, past policy of providing in full for deferred tax continued.

Annual General Meeting: 12th July, 1978.
Copies of the Annual Report and Chairman's Statement can be obtained from the Secretary, City Save Mills, Port Dundas, Glasgow G4 9PT.

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Germans resist pressure for faster growth

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, June 19.

IN SPITE of renewed pressure from its EEC partners, West Germany today stood firmly by its refusal to commit itself to any specific target for faster economic growth in advance of next month's summit meetings in Bremen and Bonn.

Moreover, the Community now appears effectively to have abandoned its official objective of an average growth rate of 4.5 per cent by the middle of next year. This was adopted, albeit amid German reservations, by heads of governments of the Nine when they met in Copenhagen less than three months ago.

EEC Finance Ministers spent several hours here this afternoon hammering out a joint pre-summit statement of their positions. But the mood that the German delegation would accept was a vague reference to the fact that unemployment could not be reduced without an additional 1.5 to 2 per cent growth in the average gross domestic product of the Nine.

No date has been fixed, however, for achieving this level of growth. M. Francois-Xavier Ortoli, the European Commissioner for Economic Affairs, told the Council that on the basis of their present policies the Nine was unlikely to attain a GDP growth of more than 2.5 per cent in real terms this year and in 1979.

At German insistence, the Commission dropped plans to recommend individual growth

targets for the Nine to today's talks. M. Ortoli will be free, however, to submit a paper along these lines to the summit meeting of EEC heads of government in Bremen early next month.

Mr. Denis Healey, UK Chancellor, said after the meeting that despite his attempts to persuade Germany to modify its position, he had some sympathy for it.

He contended that the German Government was reluctant to commit itself to faster growth while it remained unsure how far other EEC members would go to meet its demands for arrangements to stabilise currencies and whether the US would act effectively to cut its oil import bill.

The implication of his analysis is that he does not expect Germany to announce any firm new reflationary plans at least until the seven nations western summit in Bonn in mid-July, since the US will not be represented at the EEC summit meeting in Bremen ten days earlier.

Mr. Healey displayed considerable interest today in a series of proposals for linking sterling with other EEC currencies inside a new form of monetary arrangement. But in spite of his apparent optimism he doubted whether the Nine were going to be able to work out arrangements in principle by the Bremen or Bonn summits.

He said that he favoured a relatively strict arrangement which would impose an obliga-

tion on participating countries to intervene to keep their currencies within specified margins, as members of the "corridor," "snake" do at present. Specifically, he displayed interest in two proposals along these lines drawn up by the EEC monetary committee.

However, Mr. Healey said that Britain would not be prepared to participate in any new currency arrangement unless it was satisfied that it met a number of criteria. The first of these was that such an arrangement should not constrain economic growth by preventing parity changes when they were justified by balance of payments or inflation factors.

The second criterion was that it must be clearly recognised that surplus countries had an obligation to adjust their policies in the light of their economic performance and not just those countries running a deficit. He said that the key to any future arrangement must be that it provided for an equitable sharing of rights and obligations among participants.

It was also essential that the EEC's credit facilities be increased to permit it to defend any new currency plan against the threat of speculative attacks. But even more important, he moved to bring about an effective transfer of resources from the richer to the poorer regions of the Community, especially if the creation of an eventual monetary union was envisaged.

EEC hope on U.S. import curbs

BY JUREK MARTIN

WASHINGTON, June 19.

EUROPEAN NEGOTIATORS at the trade talks here appear more confident that the U.S. will in the end agree to adopt the so-called "injury test" before imposing restrictions on imports which adversely affect domestic industries.

A spokesman at the U.S. special trade representative's office acknowledged this morning that the U.S. was "prepared to negotiate" the incorporation of an injury test into U.S. statutes.

He made it clear, however, that the precise wording of such a formula had yet to be worked out and that the U.S., in any case, was still insisting on the *quid pro quo* of European acceptance of greater discipline over the controversial subject of subsidy payments.

Sir Roy Denman, the EEC's director-general of external relations, maintained in an interview here this morning—on the second day of a scheduled three days of talks between the U.S., the EEC, Japan and Canada—that if the U.S. did not enact some form of injury law then major

problems could be created next year when certain key statutory powers of the 1974 Trade Act expired.

He was referring to the countervailing duties authority which runs out on January 3 next year. The U.S. spokesman agreed that expiration of this authority was "a source of great concern to us all."

Under current practice, the U.S. is exceptional in that it is not necessary to prove actual damages caused by imports to levy countervailing duties. It is merely sufficient to prove that imports have been subsidised by foreign governments.

However, the President is empowered to waive the imposition of additional levies if he thinks fit. Sir Roy acknowledged that it would be difficult to find the right language on subsidies that could reassure the U.S. and simultaneously not circumscribe to an excessive degree the right of national government to take action.

Continued from Page 1

Bank urges cut

attention to the monetary targets.

Following the excessive growth recorded last year, the control should aim at keeping the growth around the middle of the target range—set at 8.12 per cent for the current year—rather than accepting a figure around the top of the range.

Discussing the effect of monetary growth on the sterling exchange rate earlier this year, the Bank reports that its own research has failed to find a close-knit relationship of the kind suggested by the international monetarist school.

The pace of monetary expansion did not become fully apparent until May, and "seems unlikely to have played a major role in the weakening of confidence in sterling in March."

But in the longer term,

evidence suggested that keeping monetary growth within the target range could only be helpful for exchange rate stability.

The "discretionary" element of fiscal policy—the specific changes introduced by Government—has considerably reduced activity over the period from 1973 to 1977.

But this has been offset by the automatic stabilising impact of changes in tax payments and benefits. These have increased the public sector financial deficit by 6.1 per cent of Gross Domestic Product.

In spite of the recent rise in activity, many firms still had "ample spare," it sometimes outdated capacity.

But there was concern over the shortage of skilled labour in certain sectors of industry, which could create supply bottlenecks as the economy picked up.

Mary Campbell adds: The Bulletin includes a table showing interest payments due on public sector foreign borrowings over the next ten years. The table shows that at \$1.7bn, these could next year amount to an appreciable sum by comparison with the \$2.2bn due in repayments of principal. But whereas the repayments of principal increase in subsequent years to a peak of \$5.2bn in 1981, payments of interest fell to \$1.5bn in 1980, \$1.2bn in 1981 and well under \$1bn a year subsequently.

The overall figure of interest payments due on the debt is \$9.3bn.

For the purposes of estimating future interest payments, the Bank has assumed that loans with variable rates would continue at the interest rate levels ruling last March, of 7 1/2 per cent.

John Doe 1234